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MANUAL: GRANTS ADMINISTRATION

Environmental Protection Agency
Washington, D. C.

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MANUAL

GRANTS ADMINISTRATION

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ENVIRONMENTAL PROTECTION AGENCY
Washington, D.C. 20460

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ENVIRONMENTAL PROTECTION AGENCY

MANUAL

GRANTS
ADMINISTRATION

PART 1 - GENERAL

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ENVIRONMENTAL PROTECTION AGENCY

PART 1 - GENERAL

CHAPTER 1 - GENERAL POLICIES AND PROCEDURES

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ENVIRONMENTAL PROTECTION AGENCY

PART 1 - GENERAL

CHAPTER 1 - GENERAL POLICIES AND PROCEDURES

MANUAL

GRANTS
ADMINISTRATION

1. PURPOSE. The policies in this Manual govern the administration of all Environmental Protection Agency (EPA) grant activities. Specific policies and procedures for the various functional divisions are covered in the respective parts. Grants or agreements entered into with funds under the Special Activities Overseas Program which utilize U.S. owned excess foreign currencies shall not be subject to the provisions contained in this Manual.

2. AUTHORITY. EPA grants are authorized under:

a. Federal Water Pollution Control Act, as amended, (33 U.S.C. 1151 et seq.).

b. Clean Air Act, as amended (42 U.S.C. 1857 et seq.).

c. Solid Waste Disposal Act, as amended (42 U.S.C. 3251 et seq.).

d. Noise Pollution and Abatement Act of 1970 (42 U.S.C. 1885 et seq.).

e. Section 210 of the National Emission Standards Act, as amended (42 U.S.C. 1857F 6b).

f. Section 301 et seq. of the Public Health Service Act, as amended (42 U.S.C. 241, 242b, 243, and 246).

g. Section 204(5) of the National Environmental Policy Act (42 U.S.C. 4321 et seq.).

h. Grant Act (42 U.S.C. 1891 et seq.).

Also, see Chapter 3, Grant Conditions, for assurance of compliance with other authorities pertaining to grants administration.

3. OBJECTIVES. The Environmental Protection Agency has a broad statutory mandate to assist in the prevention and abatement of environmental degradation and to promote environmental enhancement. Grants are one of EPA's principal mechanisms to provide necessary resources in achieving these objectives. Among other things, EPA uses grants to stimulate and develop new ideas and techniques and to

encourage public awareness of environmental concerns. These and other goals are accomplished through grants to support and assist research, demonstrations, training and manpower development, and State and local government environmental efforts.

4. DEFINITIONS. All terms used in this Manual which are defined in the statutes cited in paragraph 2, and which are not defined in this paragraph, shall have the meaning given to them in the relevant statutes. The words and terms defined in this paragraph shall have the meanings set forth below whenever used in this Manual, any correspondence, directives, Orders, or other documents of the Environmental Protection Agency relating to grants, unless the context clearly requires a different meaning or a different definition is prescribed for a particular part or portion thereof.

a. Administrator. The Administrator or Acting Administrator of the United States Environmental Protection Agency.

b. Agency. The United States Environmental Protection Agency (EPA).

c. Applicant. Any party which has filed an application for a grant pursuant to EPA Grant Regulations.

d. Budget. The financial plan for expenditure of all funds for a project, including grant funds or other Federal assistance, which is developed by cost components in the grant application.

e. Budget Period. The length of time approved for funding in the grant agreement.

f. Comprehensive Grant. A comprehensive grant is a grant funded under more than one grant authority by EPA or an EPA grant awarded in conjunction with one or more Federal agencies.

g. Cost Sharing. Participation by the grantee in the cost of conducting the project.

h. Educational Institution. Any institution which (1) has a faculty, (2) offers courses of instruction, and (3) is authorized to award a degree or certificate upon completion of a specific course of study.

i. Federal Assistance. The entire Federal contribution for a project including but not limited to the EPA grant amount.

j. Fellowship. An award of funds to support the specialized education and training of an individual in a program relating to environmental activities.

k. GAB Grants Administration Branch (regional office)

l. AMAG Grants Administration Division (Headquarters)

m. Grant. An award of funds or other assistance by a written grant agreement pursuant to the EPA Grant Regulations, except fellowships.

n. Grant Agreement. The written agreement and amendments thereto between EPA and a grant applicant in which the terms and conditions governing the grant are stated and agreed to by both parties.

o. Grantee. A party which has accepted a grant award.

p. Grants Officer. Any employee of the Environmental Protection Agency who is exercising the responsibility for negotiating or coordinating the negotiation of terms and conditions of specific grants with grant applicants, or administering grants, and who is authorized to serve as EPA's principal contact with the grantee within the limits of his authority. (e.g., Project Officer, Grants Approving Official, or the Program Area Manager.)

q. Matching Share. That portion of the project costs which is not derived from Federal assistance.

r. Nonprofit Organization. Any corporation, trust, foundation, or institution (1) which is entitled to exemption under Section 501(c)(3) of the Internal Revenue Code or (2) which is not organized for profit and no part of the net earnings of which inure to the benefit of any private shareholder or individual.

s. Program Area Manager (PAM). The person directly responsible for achieving stated objectives of an EPA program.

t. Project. An undertaking for which grant funds are awarded.

u. Project Costs. All costs incurred by a grantee in accomplishing the objectives of a grant project, not limited to those costs which are allowable in computing the final EPA grant amount or total Federal assistance.

v. Project Manager. The person authorized and designated by the grantee to serve as the grantee's principal contact with EPA.

w. Project Officer. The EPA individual responsible for monitoring and reporting on the approved project.

x. Project Period. The period of time approved by EPA for completion of a supported project.

y. Subagreement. A written agreement betweeen a grantee and a third party for the furnishing of services or supplies necessary to complete the project for which a grant was awarded, including contracts and purchase orders.

5. PATENTS, INVENTIONS, DATA, AND COPYRIGHTS.

a. Patents and Inventions. All inventions which result directly or indirectly from work aided by an EPA grant will be promptly and fully reported to the Project Officer. The term "invention" includes, but is not limited to, improvements or discoveries, including innovations affecting (or the new use of) a process, art or method, machine, or the manufacture, design, or compositions of matter. This requirement shall apply to any activity for which grant funds are in fact used whether within the scope of the project as approved or otherwise. These provisions apply to contracts made under grants.

(1) Patents and Inventions Provision. The patents and inventions provisions (See Appendix 1-A), will be incorporated in and made a part of any EPA grant or fellowship which calls for or may involve experimental, developmental, or research work. This includes demonstration grants. A copy of this provision will be made available to all grant applicants.

(2) Domestic and Foreign Invention Rights. Any invention either conceived or first actually reduced to practice under an EPA grant (or contract thereunder) must be promptly reported to the Project Officer. Ordinarily, all domestic and foreign rights thereto belong to the Government. However, under certain circumstances, greater domestic and/or foreign rights may be obtained by the grantee after the invention is reported.

(3) Background Patents and Licenses Thereunder. Background Patents are those held by the grantee and which dominate either inventions made under the grant (or contract thereunder), or the work objectives. Under certain circumstances, the grantee may be required to license third parties under Background Patents, on a royalty bearing basis, and to give the Government a royalty free license thereunder for use by the Government only, in connection with pilot and/or demonstration activity relating to the field of technology investigated under the grant. In addition, the grantee may be required to grant the Government a royalty-bearing license under a Background Patent, for any other type of use of the particular invention by the Government only; any royalty charged shall be negotiated at the time such license is requested, and such royalty or other charge shall give credit for any enhancement of the contractor's background patent position by virtue of Government funding of the contract.

(4) Contracts. Research contracts under a grant must include the same Patents and Inventions Provision as required for the grant.

(5) Report. Interim and final invention reports are required. If no inventions have been made, the report shall so state. (See Chapter 8, Reports.)

(6) Withholding of Payment. The Headquarters or regional grant awards office may withhold payment of a sum equal to either ten percent of the amount of the grant or $10,000, whichever is greater, upon failure of the grantee to comply with these reporting requirements.

(7) Warranties. The grantee warrants that he has taken no steps designed to avoid the Background Patent licensing requirements of the provision. Grantee also warrants that he has authority to make the obligations of the provision effective, by virtue of having obtained appropriate agreements from his personnel who will be engaged in the work under the grant.

(8) Deviations. Consideration will be given to any request from a grant applicant for waiver or deviations from the Patents and Inventions Provision (See Appendix 1-A) provided that any such request is submitted in writing with the grant application. Requests for deviation shall be forwarded by the Grants Administration Division to the Office of General Counsel (Patents) for review and written

recommendation. The Grants Administration Division shall forward its own and Office of General Counsel recommendations to the appropriate Program Area Manager, who shall decide whether to grant the waiver or deviation. However, no waiver or deviation which would affect the disposition of rights to inventions shall be granted by the Program Area Manager if the recommendations of either the Office of General Counsel or the Grants Administration Division are to the contrary.

(9) Request for Rights to Identified Inventions. A grantee may address a request for rights to a reported invention to the Project Officer pursuant to any of the terms of the patent provisions. Such requests shall be forwarded by the Grants Administration Division to the Office of General Counsel (Patents) for review and written recommendation. The final disposal of such request shall be in accordance with such recommendation or in accordance with a determination made by the Administrator if the patent clause calls for such a determination.

b. Data and Copyrights.

(1) Except as otherwise provided in the conditions of the grant agreement, when publications, films, or similar materials are developed directly or indirectly from work supported by the Environmental Protection Agency, the author is free to arrange for copyright without approval. However, these materials shall include acknowledgment of Federal grant assistance from EPA. Any such copyrighted material shall be subject to a royalty-free, nonexclusive and irrevocable license to the Government and to its officers, agents, and employees acting within the scope of their official duties, to reproduce, translate, publish, use, and dispose of them, and to authorize others to do so.

(2) Unless otherwise agreed to, the United States may, without additional compensation to the grantee, duplicate, use, and disclose in any manner and for any purpose whatsoever, and have others do so, all information derived from the project and all technical data and reports required under the grant.

(3) Every EPA grant or fellowship involving research, developmental, or experimental work shall include the Reports and Rights in Data provisions set forth in Appendix 1-B.

6. PUBLICATION AND PUBLICITY.

a. Publicity. Press releases and other public dissemination of information by the grantee shall acknowledge EPA grant support of the project.

b. Publications. Agency approval for publishing material resulting directly or indirectly from a grant supported activity is not required. However, a notice in writing must be given to the Project Officer at least 30 days, or such shorter period as the project officer may allow, prior to publication or other dissemination of information. Any such publication shall acknowledge Federal grant assistance by including a statement substantially as follows:

> This project has been financed in part with Federal funds from the United States Environmental Protection Agency under grant number _____. The contents do not necessarily reflect the views and policies of the United States Environmental Protection Agency, nor does mention of trade names or commercial products constitute endorsement or recommendation for use.

c. Surveys and Questionnaires. A grantee (or party to sub-agreement) collecting information from the public on his own initiative in connection with an EPA supported project may not in any way represent that the information is being collected by or for EPA without prior Agency approval. If reference is to be made to EPA, prior clearance of plans and report forms must be requested by the grantee through the Project Officer to assure compliance with the Federal Reports Act of 1942 (44 U.S.C. 3501-3511). Project Officers will submit requests to the Management and Organization Division, EPA, for the necessary clearance from the Office of Management and Budget, Executive Office of the President. A copy of the clearance will be forwarded by the Project Officer to the Grants Administration Division or Grants Administration Branch for inclusion in the official grant file.

d. EPA Project Identification Signs.

(1) Where project work is visible to the public, the grantee shall erect and suitably display an informational sign(s) as set forth in EPA Order 1015.1 dated January 20, 1972.

(2) The basic EPA Project Identification Sign shall be used with the following amplification:

(a) EPA participation shall be indicated only by "U.S. Environmental Protection Agency."

(b) Standardized coloring for all signs shall be as shown in EPA Order 1015.1.

(c) The third line of the sign shall indicate the total cost and the type of project.

e. Disclosure of Information. EPA policy regarding release of grant related information must be in accordance with the Freedom of Information Act, 5 U.S.C. 552. The Office of General Counsel should be contacted through the Grants Administration Division, if any doubt as to legality exists regarding whether information should be released.

(1) Each application containing data including privileged data, which the applicant desires to be held confidential and to be used by EPA for evaluation purposes only, shall be marked on the cover sheet with the following, or similar, legend:

> Data contained in pages __________ of this application shall not be used or disclosed, except for evaluation purposes, unless such data is obtained from another source without restriction. If, however, a grant or contract is awarded as a result of or in connection with this application, the Government shall have the unlimited right to duplicate, use or disclose such data for any purpose, unless otherwise provided in such grant or contract. Such data may be subject to disclosure pursuant to the Freedom of Information Act, 5 U.S.C. 552. If a grant or contract is not awarded as a consequence of this application, those portions of this application containing such data shall be returned promptly to the applicant no later than six months after receipt, unless such period of time is extended at the request of the applicant.

(2) Opinions expressed by individual members of any councils or other bodies advisory to the Agency or to the Administrator are privileged information.

(3) Any information on grant awards will not be released prior to notification of the appropriate Congressional delegations by the Office of Legislation, in accordance with EPA Order 5700.2, dated April 26, 1971.

7. CONTRACTS OF GRANTEES. A grant may include the proposed letting of contracts including construction, services, etc. Assurances will be obtained from the grantee that he and/or any contractor of the grantee will comply with the following requirements:

a. Construction.

(1) Actual construction work for other than demonstration projects will be performed by the lump sum, fixed price, or unit price contract method; adequate methods of obtaining competitive bidding will be employed prior to awarding the construction contract; and the award of the contract will be made to the responsible bidder submitting the lowest responsive bid. State and local laws whereby preference is given on factors other than the amount of the bid shall not be recognized as meeting competitive bidding requirements.

(2) The project will not be advertised or placed on the market for bidding until the final design or performance plans and specifications have been approved in writing by the Project Officer and, when appropriate, the State agency, and the applicant has been so notified.

(3) The State and local requirements relating to bid guarantees, performance bonds, and payment bonds shall be followed except for contracts exceeding $100,000 when the following minimum requirements shall apply:

(a) A bid guarantee from each bidder equivalent to 5 percent of the bid price, consisting of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying the bid as assurance that the bidder will execute such contractual duties as may be required within the specified time.

(b) A performance bond on the part of the contractor for 100 percent of the contract price to secure fulfillment of all the contractor's obligations under the contract.

(c) A payment bond on the part of the contractor for 100 percent of the contract price to assure payment of all persons supplying labor and material in the execution of the work provided for in this contract.

(4) Insurance coverage will be in accordance with State and local requirements.

(5) Any change(s) or changed conditions encountered which may result in major alteration in the work as set out in the plans and specifications, or which raise the cost of the project above the latest estimate approved by EPA will be submitted to the Project Officer and written EPA approval obtained.

(6) Purchase of materials and equipment in excess of $2,500 outside of construction contracts will be made in accordance with the principles of competitive bidding.

(7) Construction contracts let by the grantee in connection with the project will incorporate therein appropriate provisions for liquidated damages to assure timely performance.

(8) The appropriate Assistant or Regional Administrator, or his designee, may order the grantee in writing to suspend, delay, interrupt or terminate all or any part of the work being performed under a construction contract partially or completely financed with EPA grant funds for such period of time as he may determine to be appropriate because of noncompliance with grant conditions (See Chapter 3, Grant Conditions).

b. Other Contracts.

(1) Proposed contracts will be identified in the grant application where the contracts are expected to be in amounts of $25,000 or 25 percent of the estimated project cost, whichever is less.

(2) The grantee must request and obtain written approval from the Project Officer prior to the letting of proposed contracts in excess of $2,500 not approved as part of the grant application.

(3) The normal procurement practices of the grantee organization will be followed, and the grantee is expected to obtain the lowest reasonable costs.

c. Cost Analysis. All proposed contracts for $25,000 or more which are a part of research, demonstration, training or planning projects, and which contain direct costs chargeable to the project will be submitted as part of the grant application (or, if the proposed contract was not approved as part of the grant, to the Project Officer) for a cost analysis by the Cost Review and Policy Branch, Contracts Management Division, prior to execution of the contract. A copy of the cost analysis findings will be made available to the grantee. Whenever the grantee disagrees with the recommendations of the EPA cost analysis, the grantee must submit his alternative recommendations for review and approval prior to executing the proposed contract. This determination will be made by the Project Officer based on the grantee's recommendations and the Cost Review and Policy Branch's evaluation of those recommendations.

8. GRANTEE'S USE OF GSA SOURCES OF SUPPLY AND SERVICES. It is the policy of the Environmental Protection Agency to authorize the use of GSA sources of supply or services by a grantee when it is in the best interest of the Government and the grantee, in accordance with the provisions of Federal Property Management Regulations, Subpart 101-33. GSA supply sources include GSA supply depots, GSA self-service stores, Federal Supply Schedules, and other programs of the Federal Supply Services such as providing automatic data processing equipment, supplies, and services.

a. Authorizations. Authorizations will be made only to grantees who contemplate expenditures of EPA grant funds during the next twelve months of $500 or more for supplies, equipment, and services. A letter authorizing grantees to use GSA supply sources will be issued AMAG or GAB, when appropriate, with each grant agreement (See Appendix 1-C). Authorizations to States will be executed by the Director, Grants Administration Division. Copies of each authorization shall be forwarded to the General Services Administration, Federal Supply Service, Supply Management Services Division-FFS, Washington, D.C. 20460, and to the Federal Supply Service of the GSA regional office serving the geographical area where the grantee is located (See Appendix 1-D). Notice will be furnished promptly to these GSA offices by the appropriate awarding office whenever an authorization is withdrawn prior to the expiration of the established period of effectiveness. The notification will be in writing and must cite the grant number and contain the effective date of withdrawal of the authorization.

b. Withholding or Withdrawal of Authorizations. Where EPA management reviews or fiscal audits discover abuses or deficiencies in a grantee's use of GSA sources or in his system of accounting for or utilizing items purchased, an authorization may be withheld or withdrawn at the discretion of the Headquarters or regional grant awarding office, and appropriate costs may be disallowed.

c. Liability. The Environmental Protection Agency will not be liable for defective supplies or equipment or for late deliveries. In these cases, the grantee shall be governed by the terms and conditions described in the Federal Supply schedules or other appropriate GSA issuances.

d. State Authorizations For Use of GSA Sources.

(1) Use of GSA sources by grantees is authorized under those programs where grant awards are made to State agencies which, as an integral part of the program, allocate grant funds to other State or local agencies. The primary State agency may approve the use of its authorization code for this purpose or may require the other State or local agencies to secure their own authorizations. Use of GSA sources of supply and services by contractors under a grantee is not authorized. Authorizations to States will be administered by the Grants Administration Division.

(2) Additionally, grantees may authorize use of GSA sources by organizations acting as affiliates of a grantee in carrying out a grant activity. In such cases, the acquisition action shall be initiated by the affiliate and routed through the grantee, which must have an EPA authorization to use GSA sources. Such action would be appropriate in programs where the grantee serves primarily as a coordinator and administrator of activities carried out by affiliate organizations.

9. PRINTING REQUIREMENTS FROM EPA GRANTS.

a. Grantees will not be prime or substantial sources of printing for use by EPA. The term "printing" applies to the processes of composition, platemaking, presswork, and binding; the equipment used in such processes; and the material produced by such processes and equipment. This policy, which is applicable to all EPA grants, does not preclude:

(1) The issuance of grants for the support of nongovernment publications, provided such grants were issued pursuant to an authorization of law and were not made primarily or substantially for the purpose of having material printed for the use of the Environmental Protection Agency.

(2) The publication of findings by the grantees within the terms of their grants provided that such publication is not primarily or substantially for the purpose of having such findings printed for the use of EPA.

(3) The initiation by EPA of the procurement of writings, editing, preparation of manuscript copy, or preparation of related illustrative material from grantees; or the internal printing requirements of the grantee required to respond to the terms of the grant. However, the printing of such material for EPA must be accomplished in accordance with printing laws and regulations.

b. A requirement for a grantee to duplicate less than 5,000 units of only one page, or less than 25,000 units in the aggregate of multiple pages of his findings for use by EPA is not considered as printing primarily or substantially for EPA. Such pages may not exceed a maximum image size of 10 3/4 x 14 1/4 inches.

c. Approval for all other printing will be requested through the Project Officer to AMAG or the Grants Administration Branch. The printing request will then be forwarded to the appropriate Printing Control Officer who will have the requirement produced through normal GPO channels or, if necessary, forward the request to the Director, DDSD, for necessary clearance and approval from the Joint Committee on Printing, Congress of the United States.

10. DEVIATION.

a. Types of Deviations. A deviation shall be considered to be any of the following:

(1) When a prescribed grant clause is set forth verbatim in the EPA Grant Regulation published in Title 40, Chapter I, Subchapter B of the Code of Federal Regulations use of a clause covering the same subject matter which varies from, or has the effect of altering, the prescribed clause, or changing its application;

(2) When a grant clause is set forth in the Regulations, Manual or guiding authority referred to therein, but not for use verbatim, use of a clause covering the same subject matter which is inconsistent with the intent, principle, or substance of such authorities;

(3) Omission of any mandatory grant clause;

(4) When an EPA or other form is prescribed by the Regulations or Manual, use of any other form for the same purpose;

(5) Alteration of an EPA or other form prescribed in the Regulations or Manual except as authorized herein;

(6) When limitations are imposed by the Regulations upon the use of a grant clause, form procedure, or any other grant action, the imposition of lesser or greater limitations; or

(7) When a policy, procedure, method or practice of administering or conducting grant actions is prescribed by the EPA Grant Regulations or this Manual, any policy, procedure, method or practice inconsistent therewith.

b. Request for Deviation. Requests for deviations from the Regulations or Manual shall be submitted as far in advance as the exigencies of the situation will permit. Where the deviation would involve more than a unique special situation, e.g., will affect grantees as a class, concurrence in the request for deviation by the appropriate Assistant or Regional Administrator(s) will be additionally required. Each request for a deviation shall contain as a minimum:

(1) Identification of the section of the Regulations or Manual from which a deviation is sought;

(2) A full description of the deviation and the circumstances in which it will be used;

(3) A description of the intended effect of the deviation;

(4) A statement as to whether the deviation has been requested previously, and if so, circumstances of the previous request;

(5) The name of the grantee and identification of the grant affected, including the dollar value; and

(6) Detailed reasons supporting the request, including any pertinent background information which will contribute to a fuller understanding of the deviation sought.

c. Approval of Deviation. Deviations from the Regulations or Manual will be authorized only when essential to effect necessary grant actions or where special circumstances make such deviations clearly in the best interests of the Government. Such deviations may be approved only by the Assistant Administrator for Planning and Management or his duly authorized representative, and a copy of such written approval shall be retained in the official grant file.

PATENTS AND INVENTIONS

A. DEFINITIONS:

(1) "Background Patent" means a foreign or domestic patent (regardless of its date of issue relative to the date of the EPA grant):

(i) Which the grantee, but not the Government, has the right to license to others, and

(ii) Infringement of which cannot be avoided upon the practice of a Subject Invention or Specified Work Object.

(2) "Commercial Item" means

(i) Any machine, manufacture, or composition of matter which, at the time of request for a license pursuant to part D of this Appendix, has been sold, offered for sale or otherwise made available commerically to the public in the regular course of business, at terms reasonable in the circumstances, and

(ii) Any process which, at the time of a request for a license, is in commercial use, or is offered for commercial use, so the results of the process or the products produced thereby are or will be accessible to the public at terms reasonable in the circumstances.

(3) "Specified Work Object" means the specific process, method, machine, manufacture or composition of matter (including relatively minor modifications thereof) which is the subject of the experimental, developmental, or research work performed under this grant.

(4) "Grantee" is the party which has accepted this grant award and includes entities controlled by the grantee. The term "controlled" means the direct or indirect ownership of more than 50 percent of outstanding stock entitled to vote for the election of directors, or a directing influence over such stock; provided, however, that foreign entities not wholly owned by the grantee shall not be considered as "controlled."

(5) "Subagreement" includes subagreements at any tier under this grant.

(6) "Domestic" and "foreign" refer, respectively, (i) to the United States of America, including its territories and possessions, Puerto Rico and the District of Columbia and (ii) to countries other than the United States of America.

(7) "Government" means the Federal Government of the United States of America.

(Published in 36. F.R. 22725 as Appendix B)

(8) "Subject Invention" means any invention, discovery, improvement or development (whether or not patentable) made in the course of or under this grant or any subagreement (at any tier) thereunder.

(9) "Made," when used in connection with any invention, means the conception or first actual reduction to practice of such invention.

(10) To "practice an invention or patent" means the right of a licensee on his own behalf to make, have made, use or have used, sell or have sold, or otherwise dispose of according to law, any machine, design, manufacture, or composition of matter physically embodying the invention, or to use or have used the process or method comprising the invention.

(11) The term "to bring to the point of practical application" means to manufacture in the case of composition or product, to use in the case of a process, or to operate in the case of a machine and under such conditions as to establish that the invention is being worked and that its benefits are reasonably accessible to the public.

(12) "Statement" means the President's Patent Policy Statement of August 23, 1971 (36 F.R. 16889).

B. DOMESTIC PATENT RIGHTS IN SUBJECT INVENTIONS:

(1) The grantee agrees that he will promptly disclose to the Grants Officer in writing each Subject Invention in a manner sufficiently complete as to technical details to convey to one skilled in the art to which the Invention pertains a clear understanding of the nature, purpose, operation and, as the case may be, the physical, chemical, biological, or electrical characteristics of the Invention. However, if any Subject Invention is obviously unpatentable under the patent laws of the United States, such disclosure need not be made thereon. On request of the Grants Officer, the grantee shall comment respecting the differences or similarities between the Invention and the closest prior art drawn to his attention.

(2) Except in the instance of a determination, pursuant to paragraph (3) of this section, by the Administrator to leave to the grantee, rights greater than a nonexclusive license, the grantee agrees to grant and does hereby grant to the Government the full and entire domestic right, title, and interest in the Subject Invention. The Government may upon written request, grant to the grantee a revocable or irrevocable, as deemed appropriate, royalty-free and nonexclusive license to practice the Subject Invention. Any such license granted shall extend to any existing and future companies, controlled by, controlling or under common control with the grantee and shall be assignable to the successor of the part of the grantee's business to which such invention pertains.

(3) Not later than three months after the disclosure of a Subject Invention pursuant to paragraph (1) of this section, and without regard to whether the invention is a primary object of this grant, the grantee may submit a request in writing to the Grants Officer for a determination by the Administrator leaving the grantee greater rights than that reserved to the grantee in paragraph (2) of this section. Such request should set forth informacion and facts which in the grantee's opinion, would justify a determination that:

(i) In the case of a Subject Invention which is clearly a primary object of this grant, the acquisition of such greater rights by the grantee is both consistent with the intent of section 1(a) of the Statement and is either, a necessary incentive to call forth private risk capital and expense to bring the invention to the point of practical application or is justified because the Government's contribution to such Invention is small compared to that of the grantee; or that

(ii) The Subject Invention is not a primary object of this grant, and that the acquisition of such greater rights will serve the public interest as expressed in the Statement, particularly when taking into account the scope and nature of the grantee's stated intentions to bring the invention to the point of commercial application and the guidelines of section 1(a) of the Statement.

The Administrator will review the grantee's request for greater rights and will make a determination, either granting the request in whole or in part, or denying the request in its entirety. The grantee will be notified of such determination.

(4) In the event greater rights in any Subject Invention are vested in or granted to the grantee pursuant to paragraph (3) of this section:

(i) The grantee's rights in such inventions shall, as a minimum, be subject to a nonexclusive, nontransferable, paid-up license to the Government to practice the invention throughout the world by or on behalf of the Government (including any Government agency) and States and domestic municipal governments, unless the Administrator determines that it would not be in the public interest to acquire the license for the States and domestic municipal governments; and said license shall include the right to sublicense any foreign government pursuant to any existing or future treaty or agreement if the Administrator determines it would be in the national interest to acquire this right; and

(ii) The grantee further agrees to and does hereby grant to the Government the right to require the granting of a license to a responsible applicant(s) under any such invention:

(a) On a nonexclusive or exclusive basis on terms that are reasonable under the circumstances, unless the grantee, its licensees or its assignees demonstrate to the Government, at the Government's request, that effective steps have been taken within three years after a patent issued on any such invention to bring it to the point of practical application or that it has been made available for licensing royalty-free or on terms that are reasonable in the circumstances, or can show cause why the time period should be extended or

(b) On a nonexclusive or exclusive basis on terms that are reasonable in the circumstances to the extent that the invention is required for public use by Governmental regulations or as may be necessary to fulfill health or safety needs or for such other public purposes as are stipulated in this grant and

(iii) The grantee shall file in due form and within six months of the granting of such greater rights a United States patent application claiming the Subject Invention and shall furnish, as soon as practicable, the information and materials required under paragraph (2) of section F. As to each Subject Invention in which the grantee has been given greater rights, the grantee shall notify the Grants Officer at the end of six months period if he has failed to file or caused to be filed a patent application covering such invention. If the grantee has filed or caused to be filed such an application, within six months period but elects not to continue prosecution of such application, he shall so notify the Grants Officer not less than sixty days before the expiration of the response period. In either of the situations covered by the two immediately preceding sentences, the Government shall be entitled to all right, title and interest in such Subject Inventions subject to the reservation to the grantee of a royalty-free, nonexclusive license therein.

(iv) the grantee shall, if requested by the Government, either before or after final closeout of this grant, furnish written reports at reasonable intervals, as to:

(a) the commercial use that is being made or is intended to be made of such invention;

(b) the steps taken by the grantee to bring such invention to the point of practical application, or to make the invention available for licensing.

C. FOREIGN RIGHTS AND OBLIGATIONS:

(1) Subject to the waiver provisions of paragraph (2) of this section, it is agreed that the entire foreign right, title and interest in any subject invention shall be in the Government, as represented for this purpose by the Administrator. The Government agrees to grant and does hereby grant to the grantee a royalty-free nonexclusive license to practice the invention under any patent obtained on such subject invention in any foreign country. The license shall extend to existing and any future companies controlled by, controlling or under common control with the grantee, and shall be assignable to the successor of the part of the grantee's business to which such invention pertains.

(2) The grantee may request the foreign rights to a Subject Invention at any time subsequent to the reporting of such invention. The response to such request and notification thereof to the grantee will not be unreasonably delayed. The Government will waive title to the grantee to such Subject Invention in foreign countries in which the Government will not file an application for a patent for such invention, or otherwise secure protection therefor. Whenever the grantee is authorized to file in any foreign country the Government will not thereafter proceed with filing in such country except on the written agreement of the grantee, unless such authorization has been revoked pursuant to paragraph (3) of this section.

(3) In the event the grantee is authorized to file a foreign patent application on a Subject Invention, the Government agrees that it will use its best efforts not to publish a description of such invention until a United States or foreign application on such invention is filed, whichever is earlier, but neither the Government, its officers, agents or employees shall be liable for an inadvertent publication thereof. If the grantee is authorized to file in any foreign country, he shall, on request of the Grants Officer, furnish to the Government a patent specification in English within six months after such authorization is granted, prior to any foreign filing and without additional compensation. The Grants Officer may revoke such authorization on failure on the part of the grantee to file any such foreign application within nine months after such authorization has been granted.

(4) If the grantee files patent applications in foreign countries pursuant to authorization granted under paragraph (2) of this section, the grantee agrees to grant to the Government an irrevocable, nonexclusive, paid-up license to practice by or on its behalf the invention under any patents which may issue thereon in any foreign country. Such license shall include the right to issue sublicenses pursuant to any existing or future treaties or agreements between the Government and a foreign government for uses of such foreign government, provided the

Administrator determines that it is in the national interest to acquire such right to sublicense. The grantee further agrees to grant under such foreign patents a nonexclusive royalty-free license (i) to sell and to use, but not to make, any composition of matter, article of manufacture, apparatus or system, made under a license granted by the Government to practice the Subject Invention in the United States, and (ii) to practice any process comprising the Subject Invention. Said licensees must be United States citizens or United States corporations in which 75 percent of the voting stock is owned by United States citizens.

(5) In the event the Government or the grantee elects not to continue prosecuting any foreign application or to maintain any foreign patent on a Subject Invention, the other party shall be notified no less than sixty days before the expiration of the response period or maintenance tax due date, and upon written request, shall execute such instruments (prepared by the party wishing to continue the prosecution or to maintain such patent) as are necessary to enable such party to carry out its wishes in this regard.

D. LICENSES UNDER BACKGROUND PATENTS :

(1) The grantee agrees that he will make his Background Patent(s) available for use in conjunction with a Subject Invention or Specified Work Object for use in the specific field of technology in which the purpose of this grant or the work called for or required thereunder falls. This may be done (i) by making available, in quality, quantity, and price all of which are reasonable to the circumstances, an embodiment of the Subject Invention or Specified Work Object, which incorporates the invention covered by such Background Patent, as a Commercial Item, or (ii) by the sale or an embodiment of such Background Patent as a Commercial Item in a form which can be employed in the practice of a Subject Invention or Specified Work Object or can be so employed with relatively minor modifications, or (iii) by the licensing of the domestic Background Patent(s) at reasonable royalty to responsible applicants on their request.

(2) If the Administrator determines after a hearing that the quality, quantity, or price of embodiments of the Subject Invention or Specified Work Object sold or otherwise made available commercially as set forth in (D)(1)(i) is unreasonable in the circumstances, he may require the grantee to license such domestic Background Patent to a responsible applicant at reasonable terms, including a reasonable royalty, for use in the specific field of technology in which the purpose of this grant or the work called for thereunder falls, and for use in connection with (i) a Specified Work Object, or (ii) a Subject Invention.

(3) (i) When a license to practice a domestic Background Patent in conjunction with a Subject Invention or Specified Work Object is requested, in writing by a responsible applicant, for use in the specific field of technology in which the purpose of this grant or the work called for thereunder falls, and such Background Patent is not available as set forth in D(1)(i) or (ii), the grantee shall have six months from the date of his receipt of such request to decide whether to make such Background Patent so available. The grantee shall promptly notify the Grants Officer of any request in writing for a license to practice a Background Patent in conjunction with a Subject Invention or Specified Work Object, which the grantee or his exclusive licensee wishes to attempt to make available as set forth in D(1)(i) or (ii).

(ii) If the grantee decides to make such domestic Background Patent so available either by himself or by an exclusive licensee, he shall so notify the Administrator within the said six months, whereupon the Administrator shall then designate the reasonable time within which the grantee must make such Background Patent available in reasonable quantity and quality, and at a reasonable price. If the grantee or his exclusive licensee decides not to make such Background Patent so available, or fails to make it available within the time designated by the Administrator, the Background Patent shall be licensed to a responsible applicant at reasonable terms, including a reasonable royalty, in conjunction with (a) a Specified Work Object, or (b) a Subject Invention, and may be limited to the specific field of technology in which the purpose of this grant or the work called for thereunder falls.

(iii) The grantee agrees to grant or have granted to a designated applicant, upon the written request of the Government, a nonexclusive license at reasonable terms, including reasonable royalties, under any foreign Background Patent in furtherance of any treaty or agreement between the Government of the United States and a foreign government for practice by or on the behalf of such foreign government, if an embodiment of the Background Patent is not commercially available in that country : provided, however, that no such license will be required unless the Administrator determines that issuance of such license is in the national interest. Such license may be limited by the licensor to the practice of such Background Patent in conjunction with a Subject Invention or a Specified Work Object and for use in only the specific field of technology in which the purpose of this grant or the work called for thereunder falls.

(iv) The grantee agrees it will not seek injunctive relief or other prohibition of the use of the invention in enforcing its rights against any responsible applicant for such license and that it will not join with others in any such action. It is understood and agreed that the foregoing shall not affect the grantee's right to injunctive relief or other prohibition of the use of Background Patents in areas not connected with the practice of a Subject Invention or Specified Work Object in the specific field of technology in which the purpose of this grant or the work called for thereunder falls, or where the grantee has made available a Commercial Item as set out in paragraph D(1)(i) or (ii).

(4) For use in the specific field of technology in which the purpose of this grant or the work called for thereunder falls, and in conjunction with a Subject Invention or a Specified Work Object, the grantee agrees to grant to the Government a license under any Background Patent. Such license shall be nonexclusive, nontransferable, royalty-free and worldwide to practice such Patent which is not available as a Commercial Item as specified in paragraph D(1)(ii) for use of the Federal Government in connection with pilot plants, demonstration plants, test beds, and test modules. For all other Government uses, any royalty charged the Government under such license shall be reasonable and shall give due credit and allowance for the Government's contribution, if any, toward the making, commercial development or enhancement of the invention(s) covered by the Background Patent.

(5) Any license granted under a process Background Patent for use with a Specified Work Object shall be additionally limited to employment of the Background Patent under conditions and parameters reasonably equivalent to those called for or employed under this grant.

(6) It is understood and agreed that the grantee's obligation to grant licenses under Background Patents shall be limited to the extent of the grantee's right to grant the same without breaching any unexpired contract it had entered into prior to this grant or prior to the identification of a Background Patent, or without incurring any obligation to another solely on account of said grant. However, where such obligation is the payment of royalties or other compensation, the grantee's obligation to license his Background Patents shall continue and the reasonable license terms shall include such payments by the applicant as will at least fully compensate the grantee under said obligation to another.

(7) On the request of the Grants Officer, the grantee shall identify and describe any license agreement which would limit his right to grant licenses under any Background Patent.

(8) In the event the grantee has a parent or an affiliated company, which has the right to license a patent which would be a Background Patent if owned by the grantee, but which is not available as a Commercial Item as specified in paragraph D(1)(i) or (ii), and a qualified applicant requests a license under such patent for use in the specific field of technology in which the

Appendix 1-A

purpose of this contract or the work called for thereunder falls, and in connection with the use of a Subject Invention or Specified Work Object, the grantee shall, at the written request of the Government, recommend to his parent company, or affiliated company, as the case may be, the granting of the requested license on reasonable terms, including reasonable royalties, and actively assist and participate with the Government and such applicant, as to technical matters and in liaison functions between the parties, as may reasonably be required in connection with any negotiations for issuance of such license. For the purpose of this subparagraph, (i) a parent company is one which owns or controls, through direct or indirect ownership of more than 50 percent of the outstanding stock entitled to vote for the election of directors, another company or other entity and, (ii) affiliated companies are companies or other entities owned or controlled by the same parent company.

E. RELATED INVENTIONS:

The grantee shall submit to the Grants Officer within six months after the submission of the final invention report submitted pursuant to paragraph F(6), written information concerning the conception or actual reduction to practice, or both, as may be applicable, of every invention made by the grantee pertaining to the work called for in this grant which was conceived or first acutally reduced to practice within the period of three months prior, during, or three months subsequent to the term of this grant, which invention would be a Subject Invention if made under this grant, but which the grantee believes was made outside the performance of work required under this grant. The Grants Officer may require additional information to be furnished in confidence by the grantee. At the request of the Grants Officer made during or subsequent to the term of this grant including any extensions for additional research and development work, the grantee shall furnish information concerning any other invention which appears to the Grants Officer to reasonably have the possibility of being a Subject Invention.

All information supplied by the grantee hereunder shall be of such nature and character as to enable the Grants Officer reasonably to ascertain whether or not the invention concerned is a Subject Invention. Failure to furnish such information called for herein shall, in any subsequent proceeding, place on the grantee the burden of going forward with the evidence to establish that such invention is not a Subject Invention. If such evidence is not then presented, the invention shall be deemed to be a Subject Invention. After receipt of information furnished pursuant hereto, the Grants Officer shall not unduly delay rendering his opinion on the matter. The Grants Officer's decision shall be subject to the Disputes Clause of the grant. The grantee may furnish the information required under this section E as grantee confidential information, which shall be identified as such.

F. GENERAL PROVISIONS.

(1) The grantee shall obtain the execution of and deliver to the Grants Officer any document relating to Subject Inventions as the Grants Officer may require under the terms hereof to enable the Government to file and prosecute patent applications therefor in any country and to evidence and preserve its rights. Each party hereto agrees to execute and deliver to the other party on its request suitable documents to evidence and preserve license rights derived from this appendix.

(2) The Government and the grantee shall promptly notify each other of the filing of a patent application on a Subject Invention in any country, identifying the country or countries in which such filing occurs and the date and serial number of the application, and on request shall furnish a copy of such application to the other party and a copy of any action on such patent application by any Patent Office and the responses thereto. Any applications or responses furnished shall be kept confidential.

(3) Any other provisions of this appendix notwithstanding, the Grants Officer, or his authorized representative shall, until the expiration of three years after final payment under this grant, have the right to examine in confidence any books, records, documents, and other supporting data of the grantee which the Grants Officer or his authorized representative shall reasonably deem directly pertinent to the discovery or identification of Subject Inventions or to the compliance by the Grantee with the requirements of this appendix.

(4) Notwithstanding the grant of a license under any patents to the Government pursuant to any provisions of this appendix, the Government shall not be prevented from contesting the validity, enforceability, scope, or title of such licensed patent.

(5) The grantee shall furnish to the Grants Officer every twelve months, or earlier as may be agreed in this grant (the initial period shall commence with the date of award of this grant) an interim report listing all Subject Inventions required to be disclosed which were made during the interim reporting period or certify that there are no such unreported inventions.

(6) The grantee shall submit a final report under this grant listing all Subject Inventions required to be disclosed which were made in the course of the work performed under this grant, and all subagreements subject to this appendix. If to the best of the grantee's knowledge and belief, no Subject Inventions have resulted from this grant, the grantee shall so certify to the Grants Officer. If there are no such subagreements, a negative report is required.

(7) The interim and final reports submitted under F(5) and (6) and Subject Invention disclosures required under B(1) shall be submitted on EPA forms which will be furnished by the Grants Officer on request. Any equivalent form approved by the Grants Officer may be used in lieu of EPA forms. Such reports and disclosures shall be submitted in triplicate.

(8) Any action required by or of the Government under this patent provision shall be undertaken by the Grants Officer as its duly authorized representative unless otherwise stated.

(9) The Government may duplicate and disclose reports and disclosures of Subject Inventions required to be furnished by the grantee pursuant to this appendix without additional compensation.

(10) The grantee shall furnish to the Grants Officer, in writing, and as soon as practicable, information as to the date and identity of any first public use, sale or publication of any Subject Invention made by or known to the grantee, or of any contemplated publication of the grantee.

(11) The Administrator shall determine the responsibility of an applicant for a license under any provision of this patent provision when this matter is in dispute and his determination thereof shall be final and binding.

(12) The grantee shall furnish promptly to the Grants Officer on request an irrevocable power to inspect and make copies of each United States patent application filed by or on behalf of the grantee covering any Subject Invention.

(13) The grantee shall include in the first paragraph in any United States patent application which it may file on a Subject Invention the following statement:

> This invention resulted from work done under Grant No. ______________ with the United States Environmental Protection Agency and is subject to the terms and provisions of said Grant.

(14) All information furnished in confidence pursuant to this appendix shall be clearly identified by an appropriate written legend. Such information shall be subject to the provisions of the Freedom of Information Act, 5 U.S.C. 552 and shall in any event cease to be confidential if it is or becomes generally available to the public, or has been made or becomes available to the Government (i) from other sources, or (ii) by the grantee without limitation as to use, or was already known to the Government when furnished to it.

(15) Any action by the Grants Officer affecting the disposition of rights to patents or inventions pursuant to this appendix shall be taken only after review by the Office of General Counsel.

G. WARRANTIES:

(1) The grantee warrants that whenever he has divested himself of the right to license any Background Patent (or any invention owned by the grantee which could become the subject of a Background Patent) prior to the date of this grant, such divestment was not done to avoid the licensing requirements set forth in section D of this appendix. After a Background Patent, or invention which could become the subject of a Background Patent, is identified, the grantee shall take no action which shall impair the performance of his obligation to issue Background Patent licenses pursuant to this grant.

(2) The grantee warrants that he will take no action which will impair his obligation to assign to the Government any invention first actually conceived or reduced to practice in the course of or under this grant.

(3) The grantee warrants that he has full authority to make obligations of this appendix effective, by reason of agreements with all of the personnel, including consultants who might reasonably be expected to make inventions, and who will be employed in work on the project for which the grant has been awarded, to assign to the grantee all discoveries and inventions made within the scope of their employment.

H. SUBAGREEMENTS:

This appendix shall be included in any subagreement over $10,000 under this grant where a purpose of the subagreement is the conduct of experimental, developmental, or research work, unless the Grants Officer authorizes the omission or modification of this appendix. The grantee shall not acquire any rights to Subject Inventions made under such subagreement for his own use (as distinguished from such rights as may be required solely to fulfill his grant obligations to the Government in performance of this grant). Upon completion of work under such a subagreement, the grantee shall promptly notify the Grants Officer in writing of such completion, and shall upon request furnish a copy of the subagreement to the Grants Officer. The grantee hereby assigns to the Government all rights of the grantee to enforce the obligations of the party to such subagreement with respect to Subject Inventions, Background Patents, and pursuant to section E of this appendix. The grantee shall cooperate with the Government at the Government's request and expense in any legal action to secure the Government's rights.

RIGHTS IN DATA AND COPYRIGHTS

1. The term "Subject Data" as used herein includes writings, sound recordings, magnetic recordings, pictorial reproductions, drawings, or other graphical representations, and work of any similar nature (whether or not copyrighted) which are specified to be delivered under this grant. The term does not include financial reports, cost analyses, and other information incidential to grant administration.

2. Except as may otherwise be provided in the grant agreement, when publications, films, or similar materials are developed directly or indirectly from a project supported by the Environmental Protection Agency, the author is free to arrange for copyright without approval. However, such materials shall include acknowledgement of EPA grant assistance. The grantee agrees to and does hereby grant to the Government, and to its officers, agents, and employees acting within the scope of their official duties, a royalty-free, nonexclusive, and irrevocable license throughout the world for Government purposes to publish, translate, reproduce, deliver, perform, dispose of, and to authorize others so to do, all Subject Data, or copyrightable material based on such Data, now or hereafter covered by copyright.

3. The grantee shall not include in the Subject Data any copyrighted matter, without the written approval of the Grants Officer, unless he provides the Government with the written permission of the copyright owner for the Government to use such copyrighted matter in the manner provided in article 2 above.

4. The grantee shall report to the Grants Officer, promptly and in reasonable written detail, each notice or claim of copyright infringement received by the grantee with respect to all Subject Data delivered under this grant.

5. Nothing contained in this appendix shall imply a license to the Government under any patent or be construed as affecting the scope of any license or other rights otherwise granted to the Government under any patent.

6. Unless otherwise limited below, the Government may, without additional compensation to the grantee, duplicate, use, and disclose in any manner and for any purpose whatsoever, and have others so do, all Subject Data delivered under this contract.

7. Notwithstanding any provisions of this grant concerning inspection and acceptance, the Government shall have the right at any time to modify, remove, obliterate, or ignore any marking not authorized by the terms of this grant on any piece of Subject Data furnished under this grant.

(PUBLISHED IN 36 F R. 22728 as Appendix C)

8. Data need not be furnished for standard commercial items or services which are normally or have been sold or offered to the public commercially by any supplier and which are incorporated as component parts in or to be used with the product or process being developed or investigated, if in lieu thereof identification of source and characteristics (including performance specifications, when necessary) sufficient to enable the Government to procure the part or an adequate substitute, are furnished; and further, proprietary data need not be furnished for other items or processes which were developed at private expense and previously sold or offered for sale or commercially practiced in the case of a process, including minor modifications thereof, which are incorporated as component parts in or to be used with the product or process being developed or investigated, if in lieu thereof the grantee shall identify such other items or processes and that "proprietary data" pertaining thereto which is necessary to enable reproduction or manufacture of the item or performance of the process. For the purpose of this clause, "proprietary data" means data providing information concerning the details of a grantee's secrets of manufacture, such as may be contained in but not limited to his manufacturing methods or processes, treatment and chemical composition of materials, plant layout and tooling, to the extent that such information is not readily disclosed by inspection or analysis of the product itself and to the extent that the grantee has protected such information from unrestricted use by others.

SUBJECT: Authorization to Utilize General Services Administration Sources

You are hereby authorized to utilize General Services Administration (GSA) sources of supply for purchases under the provisions of EPA grant number __________ for the period of __________ through __________. This authority may not be redelegated to others.

This authorization is for the purchase of equipment and/or supplies and services, as agreed to in the approved grant. All equipment, supplies, and services are to be used solely for the performance of this grant.

A copy of the GSA Stock Catalog as well as copies of applicable Federal Supply Schedules and a self-service store shopping plate may be obtained from the Federal Supply Services of the appropriate GSA Regional Office. Enclosed is a list of GSA Regional Offices.

Orders placed under Federal Supply Schedule contracts shall be placed in accordance with the provisions of the Federal Supply Schedule and shall include a statement as follows:

> This order is placed in behalf of the United States Environmental Protection Agency (EPA), in furtherance of EPA Grant No. __________, and authorization letter dated __________, a copy of which is attached. In the event of any inconsistency between the terms and conditions of this order and those of your Federal Supply Schedule contract, the latter will govern."

Orders placed with GSA Stores Stock shall be placed in accordance with the procedures prescribed by Subpart 101-26.2 of the Federal Property Management Regulations (FPMR) or in accordance with the paragraph entitled OTHER ORDERS as outlined in the GSA Catalog. If the latter method of ordering is used, the order shall include a statement as follows:

> This order is placed in behalf of the United States Environmental Protection Agency (EPA), in furtherance of EPA Grant No.__________, and authorization letter, dated __________, a copy of which is attached.

GSA Stock items may also be obtained from GSA Self-Service Stores by use of the self-service store shopping plate mentioned above. The Federal Standard Requisitioning and Issue Procedures (FEDSTRIP) address code of the authorized grantee will be furnished by GSA and embossed by GSA into the shopping plate together with other significant data.

Two copies of each individual order placed shall be forwarded to this office.

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Since GSA does not issue billing until materials are shipped or services provided, such billings are construed as sufficient evidence of delivery to establish liability and to make payment. Accordingly, you shall pay such bills immediately upon their receipt in the exact amount billed, subject only to adjustments for obvious and significant errors in dollar amounts.

It is understood and agreed that the title to property ordered under Federal Supply Schedule contracts shall pass to and vest in the Government. These materials still on hand on hand on the date of termination or on the date the grant period expires shall be accounted for, or accountability waived, in accordance with the rules and regulations applicable to your grant, 42 U.S.C. 1892, or the Federal Property Management Regulations.

Please note the expiration date of the present authorization. If you wish to continue to avail yourself of GSA supply sources for EPA grants without a break in authorization beyond that date, a request for renewal must be submitted to this office at least thirty days prior to the expiration date.

In the event a Federal Supply Contractor refuses to honor an order placed by your organization, the facts and circumstances shall be reported promptly to this office.

Notification of change in the title or address of your organization must be sent to this office within sixty days of such event.

Sincerely yours,

Enclosure

cc: GSA, FSS(FFS) Washington, D.C. 20406
GSA Regional Office

Appendix 1-C

Supply Service Officers
Federal Supply Service
General Services Administration

REGION I

605 U.S. Post Office and Courthouse
Boston, Massachusetts 02109
Phone: 617-223-2665

REGION II

26 Federal Plaza
New York, New York 10007
Phone: 212-264-3593

REGION III

7th & D Streets, S.W.
Washington, D.C. 20407
Phone: 202-963-6241

REGION IV

1776 Peachtree Street, N.W.
Atlanta, Georgia 30309
Phone: 404-526-5765

REGION V

219 South Dearborn Street
Chicago, Illinois 60604
Phone: 312-353-5506

REGION VI

1500 Bannister Road
Kansas City, Missouri 64131
Phone: 816-361-7364

REGION VII

819 Taylor Street
Fort Worth, Texas 76102
Phone: 817-334-2516

REGION VIII

Denver Federal Center
Denver, Colorado 80225
Phone: 303-233-8439

REGION IX

Northern Area
49 Fourth Street
San Francisco, California 94103
Phone: 415-556-6103

Southern Area
Bldg. 7, Federal Service Center
Bell, California 90201
Phone: 213-263-7007

REGION X

GSA-Federal Supply Service-
10FQ, GSA Center
Auburn, Washington 98002
Phone: 206-833-5295

Appendix 1-D

PART 1 - GENERAL

CHAPTER 2 - APPLICATION AND INITIAL EVALUATIO

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ENVIRONMENTAL PROTECTION AGENCY

MANUAL

PART 1 - GENERAL

CHAPTER 2 - APPLICATION AND INITIAL EVALUATION

GRANTS
ADMINISTRATION

1. PREAPPLICATION.

a. Substantial interchange between prospective applicants and appropriate EPA headquarters and field personnel is encouraged during the application development stage. This provides an opportunity to disseminate information concerning Agency needs and priorities and to clarify Federal policy and expectations regarding grants. Information regarding patents and invention policy, equal opportunity requirements, surveillance and reporting procedures and sanctions will be given to all prospective applicants as part of the application kit.

b. Informal proposals received in EPA will be sent to the appropriate Program Area Manager for response to the applicant indicating the degree of interest in the proposal, total EPA program needs, and any recommended changes or other advice.

2. APPLICATION FOR GRANT. A uniform grant application form will be used in applying for EPA grant assistance. An application shall consist of all documents submitted by the applicant for consideration during the review process including the application form, technical documents and supplementary materials. The grantee shall clearly indicate at the time of application any requested deviations from the grant conditions and other requirements of the EPA Grant Regulations (40 CFR, Chapter I, Subchapter B) and the justification for such deviations. (See Chapter 1, General Policies and Procedures.) Applications will be reviewed for program relevance and technical or scientific merit and will compete for available funds according to priorities established by EPA or the State as appropriate.

a. Type of Application.

(1) New. Applications for EPA grant support of a new program or project proposal which sets forth both the total estimated project costs and the proposed starting and completion dates.

(2) Continuation. Finds for each budget period within the project period must be requested on EPA grant application forms, which will be routinely mailed by the Grants Administration Division to the grantee approximately four months before the beginning of the next budget period. It is the responsibility of the grantee to submit this application at least one month prior to the termination of the

current budget period. Any continuation application for each budget period after the first will include, as a minimum, a financial report, a technical progress report, and a statement of the objectives to be achieved during the next budget period. This information, along with any other reports which may have been required by the Project Officer, provide the basis for evaluation of progress and for a decision regarding continuation of funding.

b. Content of Application. Each application shall include the information set forth below:

(1) Name and address of the applicant;

(2) Date of submission of the application;

(3) Type of applicant (individual; profit, nonprofit, educational or political organization; other);

(4) Type of project for which a grant award is sought (construction; research; demonstration; training; planning; etc.);

(5) The name, address and telephone number of administrative, financial, and technical personnel who may be contacted by EPA for further information regarding the grant application, for evaluation of the proposal, or for negotiation of a grant award;

(6) Proposed starting and completion dates, expressed either as calendar dates or in relation to award of a grant;

(7) The type (new or continuation) and amount of the grant requested, expressed both as a percentage of the total estimated allowable project cost and dollars;

(8) Proposed budget, including detailed cost estimates;

(9) Proposed subagreements;

(10) Names of any other Federal agencies to which an application has been submitted for Federal assistance for all or a part of the project, or an integrally related project; or which is funding the proposed project, any portion thereof, or an integrally related project;

(11) The period (not less than ninety days) for which the application proposal is valid, or the date (if any) by which the grant award must be made for the project;

(12) Applications for continuation of grant support should be accompanied by an estimate of the amount of unspent, uncommitted funds which will be carried over beyond the term of the prior grant, and shall be accompanied by a statement comparing expenditures with the previously approved project budget for each of the categories identified pursuant to (8) above;

(13) A project proposal including objectives, strategies and expected results; required financial, facility, equipment, and manpower resources; and such technical and other information as may be required;

(14) Each application containing data, including privileged data, which the applicant desires to be held confidential and to be used by EPA for evaluation purposes only, shall be marked on the cover sheet with the following, or similar, legend:

> Data contained in pages _______ of this application shall not be used or disclosed, except for evaluation purposes, unless such data is obtained from another source without restriction. If, however, a grant or contract is awarded as a result of or in connection with this application, the Government shall have the unlimited right to duplicate, use or disclose such data for any purpose, unless otherwise provided in such grant or contract. Such data may be subject to disclosure pursuant to the Freedom of Information Act, 5 U.S.C. 552. If a grant or contract is not awarded as a consequence of this application, those portions of this application containing such data shall be returned promptly to the applicant no later than six (6) months after receipt, unless such period of time is extended at the request of the applicant.

(15) The signature of a person authorized to obligate the applicant to the terms and conditions of the grant, if approved.

c. Time of Submission. No specific deadlines are established for the submission of applications. However, applications should be submitted well in advance of the desired grant award date. Generally, grant application processing requires ninety days.

d. Place of Submission.

(1) All applications for research, demonstration, and training grants and fellowships should be addressed to the Grants Administration Division, Environmental Protection Agency, Washington, D.C. 20460 for the following programs described in the 1971 edition of the Catalog of Federal Domestic Assistance:

Catalog No.	Program
66.002	Air Pollution Fellowships
66.003	Air Pollution Manpower Training Grants
66.004	Air Pollution Research Grants
66.005	Air Pollution Survey and Demonstration Grants
66.100	Pesticides Research Grants
66.200	Radiation Research Grants
66.201	Radiation Training Grants
66.300	Solid Waste Demonstration and Resource Recovery System Grants
66.302	Solid Waste Research Grants
66.303	Solid Waste Training Grants
66.405	Water Pollution Control-Research, Development and Demonstration Grants
66.406	Water Pollution Control-Research Fellowships
66.410	Water Pollution Control Training Grants
66.414	Water Hygiene Research Grants

(2) Applications for EPA grant programs listed below should be transmitted to the appropriate EPA Regional Office, Grants Administration Branch:

Catalog No.	Program
66.001	Air Pollution Control Program Grants
66.301	Solid Waste Planning Grants
*66.400	Wastewater Treatment Works Construction Grants
66.401	Water Pollution Control Comprehensive Basin Planning Grants
66.407	Water Pollution Control State and Interstate Program Grants.

*To be submitted through the appropriate State water pollution control agency.

e. Number of Copies of Application. An original and three copies of each application shall be submitted.

3. EVALUATION OF APPLICATION.

a. Each applicant shall be notified by the Grants Administration Division (AMAG) or the appropriate Regional Office Grants Administration Branch (GAB) that the application has been received and is in the process of evaluation. The applicant may be requested to furnish information or documents necessary to complete administrative, program, or technical evaluation of the application; the applicant shall be notified that evaluation may be suspended until such additional information or documents have been furnished.

b. Every application shall be evaluated in accordance with the following procedure: (1) preliminary administrative evaluation; (2) program relevance; (3) technical and scientific evaluation; (4) final administrative evaluation. At each stage of the evaluation, such informal contact or negotiations as are required shall be conducted. Technical, scientific and program relevancy evaluation shall be performed by the appropriate program office(s), with the advice of such advisory councils or boards as are required by statute or Regulations.

4. CRITERIA FOR AWARD OF GRANT. Each application shall be evaluated in accordance with the requirements and criteria established pursuant to the EPA Grant Regulations. Program award criteria may be found in Parts 35, 40, and 45 of the Regulations and in Parts 2, 3, and 4 of this Manual. Grants may be awarded without regard to nonstatutory criteria in exceptional cases, particularly in the case of comprehensive grants, provided that the deviation procedures set out in Chapter 1 are followed and that the appropriate Regional or Assistant Administrator makes a written statement setting forth the basis for each such award, which shall be included within the grant file prior to grant award.

5. RESPONSIBLE PROSPECTIVE GRANTEE.

a. Standards. In order to qualify as responsible, a prospective grantee must meet the following standards as they relate to the particular proposed grant under consideration:

(1) Has adequate financial resources for performance, or has the ability to obtain such resources as required;

(2) Has the necessary experience, organization, technical qualifications, and facilities, or has the ability to obtain them (including proposed subagreements);

(3) Is able to comply with the proposed or required completion schedule for the project;

(4) Has a satisfactory record of integrity, judgment, and performance, including, in particular, performance upon grants and contracts from the Federal Government;

(5) Appears to be able to conform to the Equal Opportunity requirements of this Regulation; and

(6) Is otherwise qualified and eligible to receive a grant award under applicable laws and regulations. Acceptable "ability to obtain" financial resources, experience, organization, technical qualifications, skills, and facilities (see subparagraphs (1) and (2) above) generally shall comprise a firm commitment or arrangement to obtain financial resources experience, organization, technical qualifications, skills or facilities.

b. Determination of Responsibility. A grant shall not be awarded to any applicant unless after adequate and appropriate evaluation a judgment has first been made by the Program Area Manager (PAM) and AMAG (or GAB, as appropriate,) that the applicant is responsible within the meaning of this paragraph. Any applicant who is not determined to be responsible shall be notified in writing of such finding and of the basis therefor. A copy of this letter must be forwarded to AMAG or GAB for inclusion in the official grant file.

PART 1 - GENERAL

CHAPTER 3 - GRANT CONDITIONS

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PART 1 - GENERAL

CHAPTER 3 - GRANT CONDITIONS

1. PURPOSE. This Chapter provides that all EPA grants shall be subject to applicable statutory provisions, to requirements imposed pursuant to Executive Orders, Regulations, and to the General Grant Conditions set forth in this Chapter. Additional special conditions necessary to assure accomplishment of the project or of EPA objectives may be imposed upon any grant or class of grants by agreement with the grantee.

2. STATUTORY PROVISIONS. All EPA grants are awarded subject to the following statutory requirements, in addition to such statutory provisions as may be applicable to particular grants or grantees or classes of grants or grantees. (Also see paragraph 5, item 12, Requirements Pertaining to Federally Assisted Construction).

a. The National Environmental Policy Act of 1969, 42 U.S.C. 4321 *et seq.*, as amended, particularly as it relates to the assessment of the environmental impact of Federally assisted projects (42 U.S.C. 102(1)(C)).

b. Section 306 of the Clean Air Act, 42 U.S.C. 1857h-4, as amended, requiring that facilities receiving Federal assistance by way of grant, loan, or contract shall comply with the Clean Air Act.

c. The Civil Rights Act of 1964, 42 U.S.C. 2000a *et seq.*, as amended, and particularly Title VI thereof, which provides that no person in the United States shall on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance, as implemented by regulations issued thereunder.

d. The Hatch Act, 5 U.S.C. 1501 *et seq.*, relating to political activities of certain State and local employees.

e. The Freedom of Information Act, 5 U.S.C. 552, as amended, relating to the right of the public to obtain information and records.

f. The National Historic Preservation Act of 1966, 16 U.S.C. 470 *et seq.*, as amended, relating to the preservation of historic landmarks.

g. The Demonstration Cities and Metropolitan Development Act of 1966, 42 U.S.C. 3301 et. seq., as amended, and particularly Section 204 thereof, which requires that applications for Federal assistance for a wide variety of public facilities projects in metropolitan areas must be accompanied by the comments of an area-wide comprehensive planning agency covering the relationship of the proposed project to the planned development of the area, as implemented by OMB Circular No. A-95 (Revised February 9, 1971).

h. The Intergovernmental Cooperation Act of 1968, 42 U.S.C. 4201 et seq., as amended, which requires coordination by and between local, regional, state and Federal agencies with reference to plans, programs, and development projects and activities, as implemented by OMB Circular No. A-95 (Revised February 9, 1971) and OMB Circular No. A-98 (June 5, 1970).

3. EXECUTIVE ORDERS. All FPA grants are subject to the requirements of the following Executive Orders as appropriate, in addition to such other lawful provisions as may be applicable to particular grants or grantees or classes of grants or grantees.

a. Executive Order 11246 dated September 24, 1965, as amended, with regard to equal employment opportunities, and all rules, regulations and procedures prescribed pursuant thereto.

b. Executive Order 11296 dated August 10, 1966, regarding evaluation of flood hazard in locating Federally owned or financed buildings, roads, and other facilities, and in disposing of Federal lands and properties.

c. Executive Order 11514 dated March 5, 1970, providing for the protection and enhancement of environmental quality in furtherance of the purpose and policy of the National Environmental Policy Act of 1969.

d. Executive Order 11602 dated June 29, 1971, requiring compliance with the Clean Air Act in the award and administration of Federal grants, and all rules, regulations and procedures prescribed pursuant thereto.

4. REGULATIONS. All EPA grants are awarded subject to EPA grant regulations published in Title 40, Chapter I, Subchapter B of the Code of Federal Regulations.

5. GENERAL GRANT CONDITIONS. The following general conditions shall be set forth in the grant agreement:

1. ACCESS.

The Government and any persons designated by the Grants Officer shall at all reasonable times have access to the premises where any portion of the project for which the grant was awarded is being performed. Subsequent to cessation of EPA grant support EPA personnel shall at all reasonable times have access to the project records (as defined in Article 2, below) and to the project site, to the full extent of the Grantee's right to access.

2. AUDIT AND RECORDS.

(a) The Grantee shall maintain books, records, documents, and other evidence and accounting procedures and practices, sufficient to reflect properly (1) the amount, receipt and disposition by the Grantee of all assistance received for the project, including both Federal assistance and any matching share or cost sharing, (2) the total cost of the project, including all direct and indirect costs of whatever nature incurred for the performance of the project for which the EPA grant has been awarded, and (3) costs anticipated to be incurred by the grantee such as commitments, and projected overhead and direct costs. The foregoing constitute "records" for the purposes of this article.

(b) The Grantee's facilities, or such facilities as may be engaged in the performance of the project for which the EPA grant has been awarded, and his records shall be subject at all reasonable times to inspection and audit by the Grants Officer, the Comptroller General of the United States, or any authorized representative, until completion of the project for which the EPA grant was awarded.

(c) The Grantee shall preserve and make his records available to the Grants Officer, the Comptroller General of the United States, or any authorized representative (1) until expiration of three years from the date of final payment under this grant, or of the time periods for the particular records specified in 41 CFR Part 1-20, whichever expires earlier, and (2) for such longer period, if any, as is required by applicable statute or lawful requirement, or by (1) or (2) below.

(1) If this grant is terminated completely or partially, the records relating to the work terminated shall be preserved and made available for a period of three (3) years from the date of any resulting final termination settlement.

(2) Records which relate to (i) appeals under the "Disputes" clause of this grant, (ii) litigation or the settlement of claims arising out of the performance of the project for which this grant was awarded, or (iii) costs and expenses of the project as to which exception has been taken by the Grants Officer or any of his duly authorized representatives, shall be retained until such appeals, litigation, claims, or exceptions have been disposed of.

3. REPORTS.

The Grantee shall prepare and file with the Project Officer an acceptable final report and such progress, financial and other reports relating to the conduct and results of the approved project as are specified in the grant agreement. Failure to timely submit reports required by the grant agreement may result in (a) retention of grant funds pursuant to EPA-GR 30.602-1, (b) suspension of the grant pursuant to Article 4, EPA General Grant Conditions, (c) termination of the grant pursuant to Article 5, EPA General Grant Conditions, (d) a finding of nonresponsibility for future EPA grant awards pursuant to EPA-GR 30.304, or (e) such other action as the Project Officer may be authorized to take.

4. STOP WORK ORDER.

(a) The Grant Approving Official may, at any time, by written order to the Grantee, require the Grantee to stop all, or any part of the project work for a period of not more than thirty days after the order is delivered to the Grantee, and for any further period to which the parties may agree. Any such order shall be specifically identified as a Stop Work Order issued pursuant to this clause. Upon receipt of such an order, the Grantee shall forthwith comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage. Within a period of not more than thirty days after a stop work order is delivered to the Grantee, or within any extension of that period to which the parties shall have agreed, the Grant Approving Official shall either--

(1) Cancel the stop work order, or

(2) Terminate the work covered by such order as provided in the "Termination" article of this grant with the approval of the appropriate Assistant or Regional Administrator.

(b) If a stop work order issued under this article is canceled or the period of the order or any extension thereof expires, the Grantee shall resume work. An equitable adjustment shall be made in the grant period, the project period, or grant amount, or all of these, and the grant instrument shall be amended accordingly, if

(1) The stop work order results in an increase in the time required for, or in the Grantee's cost properly allocable to, the performance of any part of the project, and

(2) The Grantee asserts a written claim for such adjustment within thirty days after the end of the period of work stoppage, provided, that if the Grant Approving Official decides the circumstances justify such action, he may receive and act upon any such claim asserted at any time prior to final payment under this grant.

(c) If a stop work order is not canceled and the work covered by such order is terminated, the reasonable costs resulting from the stop work order shall be allowed in arriving at the termination settlement.

(d) Costs incurred by the Grantee after a stop work order is delivered, or within any extension of the stop work period to which the parties shall have agreed, which are not authorized by this article or by the Grant Approving Official shall not be allowable costs.

5. TERMINATION.

(a) Grant Termination by EPA.

The grant approving official, by written notice and after consultation with the Grantee, may terminate the grant, in whole or in part, provided that such termination action has been authorized and approved by the appropriate Assistant or Regional Administrator. Cause for termination shall include, but not be limited to, default by the grantee, failure by the grantee to comply with the terms and conditions of the grant, realignment of programs, change in program requirements or priorities, lack of adequate funding, or advancements in the state of the art. Upon such termination, the Grantee shall refund to the United States any unexpended grant funds, except such portion thereof as may be required by the Grantee to meet commitments which had become firm prior to the effective date of termination and are otherwise allowable.

(b) Project Termination by Grantee.

A Grantee may not terminate a project for which the grant has been awarded, except for good cause. If the grant approving official finds that there is good cause for the termination of all or any portion of a project for which the grant has been awarded, he shall enter into a termination agreement or unilaterally terminate the grant, effective with the date of termination of the project by the Grantee. If the grant approving official finds that the grantee has terminated the project without good cause, then he shall annul the grant with the approval of the appropriate Assistant or Regional Administrator and all EPA grant funds previously paid or owing to the grantee shall be returned to the United States as final settlement.

6. PROJECT CHANGES.

The grantee shall promptly notify the Project Officer in writing of all project changes pursuant to the provisions of EPA-GR 30.900. The Project Officer may disapprove proposed project changes by written notice to the grantee within three weeks after receipt of notice except where approval of the grant approving official is required. Failure on the part of the grantee to give timely notice of proposed project changes or disapproval by the Project Officer or Grant Approving Official of a project change may result in disallowance of costs incurred which are attributable to the change or in termination of the grant. Neither approval nor failure to disapprove a project change shall commit or obligate the United States to any increase in the amount of the grant or payments thereunder, but shall not preclude consideration of a request for a grant amendment.

7. DISPUTES.

(a) Except as otherwise provided by law or any other grant provision, any dispute arising under this grant which is not disposed of by agreement shall be decided by the Grants Officer, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Grantee. The decision of the Grants Officer shall be final and conclusive unless, within thirty days from the date of receipt of such copy, the Grantee mails or otherwise furnishes to the Grants Officer a written appeal addressed to the Administrator. The decision of the Administrator, or his duly authorized representative for the determination of such appeal, shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence. In connection with an appeal proceeding under this clause, the Grantee shall be afforded an opportunity to be heard and to offer evidence in support of any appeal.

(b) This "disputes" clause does not preclude consideration of questions of law in connection with decisions provided for in paragraph (a) above; provided that nothing in this Grant shall be construed as making final the decision of any administrative official, representative, or Board, on a question of law.

8. EQUAL OPPORTUNITY.

During the performance of the project for which this grant is awarded, the Grantee agrees to comply with the Civil Rights Act of 1964, 42 U.S.C. 2000a et seq., as amended and Executive Order 11246 and regulations promulgated pursuant thereto.

9. COVENANT AGAINST CONTINGENT FEES.

The Grantee warrants that no person or agency has been employed or retained to solicit or secure this grant upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide offices established and maintained by the Grantee for the purpose of securing grants or business. For breach or violation of this warranty, the Government shall have the right to annul this grant without liability or in its discretion to deduct from the grant award, or otherwise recover, the full amount of such commission, percentage, brokerage or contingent fee.

10. OFFICIALS NOT TO BENEFIT.

No member of, or delegate to Congress, or the Resident Commissioner of Puerto Rico, shall be permitted to any share. or part of this grant, or to any benefit that may arise therefrom;. but this provision shall not be construed to extend to this grant if made with a corporation for its general benefit.

11. SUBAGREEMENTS.

All subagreements in excess of $2,500 and not identified in the approved budget require the written approval of the Project Officer. All subagreements must be in writing. A subagreement may not be in the nature of a grant. A copy of each subagreement shall be furnished to the Project Officer upon request. Subagreements awarded by grantees which involve actual performance in the grant program by the contractor, shall include a provision to the effect that EPA and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers and records of the contractor which are pertinent to a specific grant program for the purpose of making audit, examination, excerpts and transcriptions.

12. REQUIREMENTS PERTAINING TO FEDERALLY ASSISTED CONSTRUCTION.

The grantee warrants and represents that during the performance of work on the project for which this grant has been awarded, it will comply, and will insure that parties to subagreements will comply, with the following requirements:

(a) The Davis-Bacon Act, as amended, 40 U.S.C. 276a. _et seq_., 276c, and the regulations issued thereunder, 29 CFR 5.1 _et seq_., respecting wage rates for Federally assisted construction contracts in excess of $2,000;

(b) The Copeland (Anti-Kickback) Act, 18 U.S.C. 874, 40 U.S.C. 276c, and the regulations issued thereunder, 29 CFR 3.1 _et seq_.

(c) The Contract Work Hours and Safety Standards Act, 40 U.S.C. 327 _et seq_., and the regulations issued thereunder.

(d) The Uniform Relocation Assistance and Land Acquisition Policies Act of 1970, 42 U.S.C. 4621 _et seq_., 4651 _et seq_.

(e) Executive Order 11246 dated September 24, 1965, as amended, with regard to equal employment opportunities and all rules, regulations, and procedures prescribed pursuant thereto.

(f) Convict labor shall not be used in such construction unless it is labor performed by convicts who are on work release, parole or probation.

6. OTHER REQUIREMENTS.

a. President's Patent Policy Statement of August 23, 1971, (36 F.R. 16,889, August 26, 1971) and applicable regulations and procedures prescribed pursuant thereto. (See Chapter 1, paragraph 5, Patents, Inventions, Data, and Copyrights.)

b. Office of Management and Budget (OMB) Circulars as applicable.

c. Other provisions of law or regulations which are applicable.

7. NONCOMPLIANCE WITH GRANT CONDITIONS. In addition to such other remedies as may be provided by law, in the event of noncompliance with any grant condition, a grant may be annulled and all EPA grant funds recovered or it may be terminated, the project work may be suspended, an injunction may be entered by an appropriate court, or such other action may be taken as the Administrator shall direct, provided, that no such action shall be taken without prior consultation with the Grantee.

PART 1 - GENERAL

CHAPTER 4 - INTERGOVERNMENTAL RELATIONS

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Appendix 4-A. OMB Circular No. A-95

Appendix 4-B. Notice to Applicants

Appendix 4-C. OMB Circular No. A-98

Appendix 4-D. Directory of State Clearinghouses and State Central Information Reception Agencies

ENVIRONMENTAL PROTECTION AGENCY

MANUAL

GRANTS
ADMINSTRATION

PART I - GENERAL

CHAPTER 4 - INTERGOVERNMENTAL RELATIONS

1. BACKGROUND.

a. Title IV of the Intergovernmental Cooperation Act of 1968 requires in Section 401 that "all viewpoints, national, State, regional, and local, shall, to the extent possible, be taken into account in planning Federal or Federally assisted development programs and projects," and that "to the maximum extent possible, consistent with national objectives, all Federal aid for development purposes shall be consistent with and further the objectives of State, regional, and local planning".

b. Section 204 of the Demonstration Cities and Metropolitan Development Act of 1966, requires that applications for Federal assistance to a wide variety of public facilities type projects in metropolitan areas must be accompanied by the comments of an areawide comprehensive planning agency as to the relationship of the proposed project to the planned development of the area.

c. Section 102(2)(C) of the National Environmental Policy Act of 1969 requires that Federal agencies prepare statements evaluating the impact of any actions they may take that significantly affect the environment. Provision is made for inputs to these "environmental impact statements" by State and local governmental environmental quality agencies.

d. Revised OMB Circular No. A-95, Evaluation, review, and coordination of Federal and Federally assisted programs and projects, (See Appendix 4-A), requires review of all direct Federal construction and many Federally assisted projects by State, metropolitan and regional clearinghouses. The review centers on project relationship to comprehensive planning and intergovernmental impact and the extent to which the project significantly affects the environment.

2. POLICY STATEMENT.

The Environmental Protection Agency policy is:

a. To support the clearinghouse network and to cooperate in the operation of the project notification and review system.

b. To support common or consistent planning and development districts or regions within or between States, the use of common and consistent planning bases, and the coordination of related activities in multijurisdictional areas where it will enhance the quality, comprehensive scope, and coordination of planning.

3. INTERGOVERNMENTAL PROJECT NOTIFICATION AND REVIEW SYSTEM. Part I of OMB Circular No. A-95 applies to: (1) Air Pollution Control Demonstration Grants; (2) Air Pollution Planning and Control Program; (3) Construction Grants for Wastewater Treatment Works; (4) Solid Wastes Demonstration and Resource Recovery System Grants; (5) Solid Wastes Planning Grants; (6) Water Pollution Control Comprehensive Basin Planning Grants; (7) Water Pollution Control Demonstration Grants; and (8) Water Pollution Control State and Interstate Program Grants.

a. Operation of the System.

(1) Notifications by Applicant.

(a) Any potential applicant for assistance under an EPA grant listed above is required, when he has decided to apply for a grant, to notify both the State and, as appropriate, the regional (nonmetropolitan) or metropolitan clearinghouse of the intent to apply for Federal assistance. The regional or metropolitan clearinghouse to which the notification will be made is the clearinghouse which has responsibility for the geographic area in which the proposed Federally assisted activity will take place. In case the activity is to take place in an area covered by two or more States, notifications will be made to each.

(b) Notification will precede the preparation of the application. It will be made to the clearinghouse at the earliest feasible time to assure maximum time for effective coordination and to avoid delay in the timely submission of the application when completed.

(c) The notification to each clearinghouse will be accompanied by a summary description to include the following information:

1 Identity of the applicant agency, organization, or individual;

2 The geographic location of the project to be assisted;

3 A brief description of the proposed project by type, purpose, general size or scale, estimated cost, beneficiaries, or other characteristics which will enable the clearinghouses to identify agencies of State or local government having plans, programs or projects that might be affected by the proposed project;

4 A brief statement of the nature and extent of environmental impact anticipated;

5 The Federal program and agency under which assistance will be sought as indicated in the Catalog of Federal Domestic Assistance (1971 and subsequent editions); and

6 The estimated date by which time the applicant expects to formally file an application.

(2) Clearinghouse Functions.

(a) Evaluating the significance of proposed Federally assisted projects to State, areawide, or local plans and programs, as appropriate.

(b) Receiving and disseminating project notification by applicant to appropriate State agencies in the case of the State clearinghouse and to appropriate local governments and agencies in the case of regional or metropolitan clearinghouses, and providing liaison, as may be necessary, between such agencies or organizations and the applicant.

(c) Assuring that appropriate State, metropolitan, regional, or local agencies which are authorized to develop and enforce environmental standards are informed of and are given opportunity to review and comment on the environmental significance of proposed projects for which Federal assistance is sought.

(3) Clearinghouse Processing.

(a) State, metropolitan, and regional clearinghouses have a period of thirty days after receipt of a project notification in which to inform State agencies, other local or regional bodies, etc., that may be affected by the project (including agencies authorized to develop and enforce environmental standards) and to arrange, as may be necessary, to consult with the applicant on the proposed project.

(b) If the clearinghouses notify the applicant that they have no interest in or problems with the proposed project, the applicant has fulfilled his obligation and need consult no further with them before completing and submitting the application to EPA. If a clearinghouse indicates to the applicant an interest in reviewing the completed application, the applicant shall submit a copy to the clearinghouse.

(c) If a clearinghouse indicates during the initial thirty day period a wish to confer with the applicant, conferences will be arranged. During this period and during the period in which the application is being completed, the clearinghouse may work with the applicant in the resolution of any problems raised by the proposed project. If through such consultations all issues are resolved satisfactorily, the applicant may then complete and submit the application. If conflicts are not resolved, the clearinghouse will notify the applicant that it will have comments to accompany the application.

(d) Clearinghouses may have, if necessary, an additional thirty days to review the completed application and to transmit to the applicant any comments or recommendations the clearinghouse (or others) may have.

(e) In the case of a project for which Federal assistance is sought by a special purpose unit of government, clearinghouses will assure that any unit of general local government having jurisdiction over the area in which the project is to be located, has opportunity to confer, consult, and comment upon the project and the application.

(4) Subject Matter of Comments and Recommendations. Comments or recommendations, as may be appropriate, made by or through clearinghouses may include information about:

(a) The extent to which the project is consistent with or contributes to the fulfillment of comprehensive planning for the State, region, metropolitan area, or locality.

(b) The extent to which the project contributes to the achievement of State, regional, metropolitan, and local objectives as specified in Section 401(a) of the Intergovernmental Cooperation Act of 1968.

(c) The extent to which the project significantly affects the environment including consideration of the environmental impact, any adverse environmental effects which cannot be avoided, alternatives to the proposed project, relationship between local short term uses of man's environment and the maintenance and enhancement of long-term productivity, and any irreversible and irretrievable commitments of resources which would be involved should the proposed project or action be implemented.

(d) In the case of a project for which assistance is being sought by a special purpose unit of government, whether the unit of general local government having jurisdiction over the area in which the project is to be located has applied or plans to apply for assistance for the same or a similar type project.

(5) Submission of Comments by Applicant. Applicants will include with the application when submitted to EPA:

(a) Any comments made by or through the clearinghouse(s) together with a statement that such comments have been considered prior to submission of the application; or

(b) A statement that the procedures outlined above have been followed and that no comments have been received. (A suggested format is included in Appendix 4-B.)

b. EPA Program Responsibilities.

(1) Persons responsible for reviewing grant applications and project officers are expected to be knowledgeable about the functions and purposes of the clearinghouse network and the actions required of potential applicants, and to transmit this information in their personal contact or other communication with applicants and grantees.

(2) Potential applicants for assistance must be informed of the requirements of OMB Circular A-95 through all feasible means such as:

(a) Response to inquiries about application procedures;

(b) Preapplication conferences; and

(c) Inclusion in program information and materials the details of the system essential to enable the potential applicant or grantee to meet the requirements of the system. The EPA Notice to Applicants. (See Appendix 4-B) should be provided to potential applicants.

(3) An application for assistance will not be considered unless it has been submitted to appropriate clearinghouses for review.

(4) Any comments accompanying applications must be utilized in evaluating the applications.

(5) If comments accompanying an application from a special purpose unit of government indicate that a similar application is forthcoming from the general purpose unit of government of the area in which the applicant and/or the proposed project is located, preference will be given to the general purpose unit as specified in Section 402 of the Intergovernmental Cooperation Act of 1968. Where such preference cannot be so accorded, the unit of general local government and the Office of Management and Budget will be notified in writing of the reasons therefor. Such communication will be submitted to the Director, Grants Administration Division, for appropriate clearance within the Office of the Administrator.

(6) State and metropolitan or regional clearinghouses will

be notified within seven days following grantee notification of any substantive action (approvals, disapprovals, return for amendment, etc.)by the Grants Administration Division for demonstration projects, and by the appropriate regional office (Grants Administration Branch) for State and local assistance projects. For approvals, Standard Form 240 informing States of grant approvals under OMB Circular No. A-98 (See Appendix 4-C) will be used. In other cases, a copy of the letter that informs the applicant of the action will be used. A list of the State, regional, and metropolitan clearinghouses will be distributed by the Grants Administration Division to the regional offices and updated periodically on the basis of the directory maintained by the Office of Management and Budget. Applicants should be instructed to check with the appropriate regional or Headquarters office to obtain necessary information about the clearinghouses.

4. STATE PLANS. Part III of OMB Circular No. A-95 applies to all EPA programs which require by statute or administrative regulations, a State plan as a condition of assistance including: (1) Air Pollution Planning and Control Program Grants; (2) Solid Waste Demonstration and Resource Recovery System Grants; (3) Solid Waste Planning Grants; (4) Water Pollution Control State and Interstate Program Grants; (5) Water Pollution Control Comprehensive Basin Planning Grants; and (6) Construction Grants for Wastewater Treatment Works.

a. All State plans and amendments thereto, as well as supporting reports or documentation that indicates the programs, projects, and activities for which Federal funds will be utilized, must be submitted to the Governor for his review and comments before they are forwarded to EPA.

b. Governors will be afforded a period of forty-five days in which to comment on the relationship of the State plan to comprehensive and other State plans and programs. If the Governor fails to respond within the prescribed forty-five day period, an appropriate notation will be included with the plan submission.

c. Where program procedures permit and the plan is signed by a person other than the Governor, that person must have been officially designated by the Governor prior to the submission of the plan and a notice of this designation must be on file with the office concerned. Where the plan is signed by a designated representative of the Governor, the plan must be accompanied by a statement that the Governor was given an opportunity to review and comment on the plan.

5. COORDINATION OF PLANNING IN MULTIJURISDICTIONAL AREAS. Part IV of OMB Circular No. A-95 applies to all EPA programs providing assistance to State, local, and regional projects and activities that are planned on a multijurisdictional basis, including: (1) Air Pollution Planning and Control Program Grants; (2) Solid Waste Planning Grants; (3) Water Pollution Control Comprehensive Basin Planning Grants; and (4) Water Pollution Control State and Interstate Program Grants.

a. Requirements for Applicants.

(1) Applicants for planning and development assistance must demonstrate in the application that the proposed activity is consistent with and has been coordinated with related planning and development being carried on under other Federal programs or under State and local programs in any multijurisdictional areas. The application must adequately:

(a) Identify other related planning activities being carried on within the multijurisdictional area, including those covering a larger area within which such multijurisdictional area is located, subareas of the area, and areas overlapping the multijurisdictional area. Metropolitan or regional clearinghouses established under Part I of OMB Circular A-95 may assist in providing such identification.

(b) Show evidence of explicit organizational or procedural arrangements that have been or are being established by the applicant to assure maximum coordination of planning for such related functions, programs, projects and activities within the multijurisdictional area. Such arrangements might include joint or common boards of directors or planning staffs, umbrella organizations, common referral or review procedures, information exchanges, etc.

(c) Show evidence of cooperative arrangements that have been or are being made by the applicant concerning joint or common use of planning resources (funds, personnel, facilities, and services, etc.) among related programs within the area.

(d) Show evidence that planning activities are based on data, statistics, and projections (social, economic, demographic, etc.) common to or consistent with those used for planning related activities within the area.

(2) Where the State has established planning and development districts, the applicant will be expected to conform to the boundaries of the established area. Any variations from the established boundaries must be justified.

(3) Where the State has not established planning and development districts or regions, the applicant must give reasons for selection of the particular area in which the proposed planning and development activity will operate. He must show evidence of consultation with major units of general local government and Federal agencies administering related programs in the proposed area to assure consistency with districts established under interlocal agreement and under related Federal programs.

(4) The completed application will be submitted to the Office of the Governor(s) of the State(s) before it is submitted to EPA. The Governor has thirty days in which to review the boundaries for the proposed activity and comment upon its relationship to planning and development districts or regions established by the State, or the feasibility of the proposed areas where State districts or regions have not been designated. The comments of the Governor(s) or a statement that no response was received within the thirty day period provided, will accompany the application when it is submitted to EPA.

(5) Continuation applications will include a summary of the coordinative status of the project, including progress on the implementation of coordinating activities and the reasons therefor, and any modification in the geographical area.

b. EPA Program Responsibilities.

(1) Information furnished applicants relative to applying for grant funds must incorporate the requirements for applicants as stated above.

(2) The availability of metropolitan and regional clearinghouses to assist in the required coordination will be publicized to applicants.

(3) In contacts with potential applicants before or during the preparation of the application, the possibility of joint funding for the activity will be encouraged wherever feasible.

(4) An application will not be considered unless the requirements in subparagraph a. above for coordination in planning have been met.

6. NOTIFICATION TO STATES OF GRANT-IN-AID INFORMATION, OMB CIRCULAR NO. A-98. Notification will be provided to the appropriate State central information reception agency for all EPA grants awarded. (See Appendix 4-D).

a. State and Local Assistance and Demonstration Projects.

(1) Notification will be given on Standard Form 240, Notification of Grant-In-Aid Action, which is to be prepared by the EPA office preparing the grant agreement. The Standard Form 240 will be prepared concurrently with the grant agreement and forwarded to the State central information reception agency when the grant agreement is released to the grantee, but in no case later than seven days following grantee notification.

(2) Most of the information on the Notification of Grant-In-Aid Action will be taken from the entries in the grant agreement. Certain items, however, must come from the application or other information available in the grant file. Preparing offices should assure that the entries on the Notification form accurately transcribe information from the source document, and that the same information, when repeated on subsequently prepared Notifications, is treated consistently.

(3) A Standard Form 240 will be prepared for any of the

following actions:

(a) New grant;

(b) Continuation grant; and

(c) Change in existing grant, i.e., increase or decrease in duration or amount; or cancellation.

(4) Distribution of Standard Form 240 will be as follows:

(a) One copy to the appropriate State central information reception agency;

(b) One copy to Office of Management and Budget, Management Information Systems Staff, Washington, D.C. 20503;

(c) One copy to each of the clearinghouses, State and metropolitan or regional, through which the application passed pursuant to paragraph 3 above; and

(d) One copy to the official grant file.

b. Research and Training Grants.

(1) A copy of the grant award will be forwarded by Grants Administration Division to the State central information reception agency.

(2) Submission of the grant award to the reception agency will be not later than seven days following grantee notification.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

February 9, 1971

CIRCULAR NO. A-95
Revised

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Evaluation, review, and coordination of Federal and federally assisted programs and projects

1. Purpose. This Circular furnishes guidance to Federal agencies for added cooperation with State and local governments in the evaluation, review, and coordination of Federal assistance programs and projects. The Circular promulgates regulations (Attachment A) which provide, in part, for:

a. Encouraging the establishment of a project notification and review system to facilitate coordinated planning on an intergovernmental basis for certain Federal assistance programs in furtherance of section 204 of the Demonstration Cities and Metropolitan Development Act of 1966 and Title IV of the Intergovernmental Cooperation Act of 1968 (Attachment B).

b. Coordination of direct Federal development programs and projects with State, regional, and local planning and programs pursuant to Title IV of the Intergovernmental Cooperation Act of 1968.

c. Securing the comments and views of State and local agencies which are authorized to develop and enforce environmental standards on certain Federal or federally assisted projects affecting the environment pursuant to section 102(2) (C) of the National Environmental Policy Act of 1969 (Attachment C) and regulations of the Council on Environmental Quality.

This Circular supersedes Circular No. A-95, dated July 24, 1969, as amended by Transmittal Memorandum No. 1, dated December 27, 1969. It will become effective April 1, 1971.

2. Basis. This Circular has been prepared pursuant to:

a. Section 401(a) of the Intergovernmental Cooperation Act of 1968 which provides, in part, that

> "The President shall . . . establish rules and regulations governing the formulation, evaluation, and review of Federal programs and projects having a significant impact on **area** and community development . . . "

and the President's Memorandum of November 8, 1968, to the Director of the Bureau of the Budget ("Federal Register," Vol. 33, No. 221, November 13, 1968) which provides:

> "By virtue of the authority vested in me by section 301 of title 3 of the United States Code and section 401(a) of the Intergovernmental Cooperation Act of 1968 (Public Law 90-577), I hereby delegate to you the authority vested in the President to establish the rules and regulations provided for in that section governing the formulation, evaluation, and review of Federal programs and projects having a significant impact on area and community development, including programs providing Federal assistance to the States and localities, to the end that they shall most effectively serve these basic objectives.
>
> "In addition, I expect the Bureau of the Budget to generally coordinate the actions of the departments and agencies in exercising the new authorizations provided by the Intergovernmental Cooperation Act, with the objective of consistent and uniform action by the Federal Government."

b. Title IV, section 403, of the Intergovernmental Cooperation Act of 1968 which provides that:

> "The Bureau of the Budget, or such other agency as may be designated by the President, shall prescribe such rules and regulations as are deemed appropriate for the effective administration of this Title."

c. Section 204 (c) of the Demonstration Cities and Metropolitan Development Act of 1966 which provides that:

> "The Bureau of the Budget, or such other agency as may be designated by the President, shall prescribe such rules and regulations as are deemed appropriate for the effective administration of this section," and

d. Reorganization Plan No. 2 of 1970 and Executive Order No. 11541 of July 1, 1970, which vest all functions of the Bureau of the Budget or the Director of the Bureau of the Budget in the Director of the Office of Management and Budget.

3. Coverage. The regulations promulgated by this Circular (Attachment A) will have applicability to:

a. Under Part I, all projects (or significant changes thereto) for which Federal assistance is being sought under the programs listed in Attachment D. Limitations and provision for exceptions are noted therein.

b. Under Part II, all direct Federal development activities, including the acquisition, use, and disposal of Federal real property.

c. Under Part III, all Federal programs requiring, by statute or administrative regulation, a State plan as a condition of assistance.

d. Under Part IV, all Federal programs providing assistance to State, local, and regional projects and activities that are planned on a multijurisdictional basis.

4. Inquiries. Inquiries concerning this Circular may be addressed to the Office of Management and Budget, Washington, D. C. 20503, telephone (202) 395-3031 (Government dial code 103-3031).

GEORGE P. SHULTZ
Director

Attachments

(No. A-95)

ATTACHMENT A
Circular No. A-95
Revised

REGULATIONS UNDER SECTION 204 OF THE DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT OF 1966, TITLE IV OF THE INTERGOVERNMENTAL COOPERATION ACT OF 1968, AND SECTION 102 (2)(C) OF THE NATIONAL ENVIRONMENTAL POLICY ACT OF 1969

PART I: PROJECT NOTIFICATION AND REVIEW SYSTEM

1. Purpose. The purpose of this Part is to:

a. Further the policies and directives of Title IV of the Intergovernmental Cooperation Act of 1968 by encouraging the establishment of a network of State, regional, and metropolitan planning and development clearinghouses which will aid in the coordination of Federal or federally assisted projects and programs with State, regional, and local planning for orderly growth and development;

b. Implement the requirements of section 204 of the Demonstration Cities and Metropolitan Development Act of 1966 for metropolitan areas within that network;

c. Implement, in part, requirements of section 102(2)(C) of the National Enviromental Policy Act of 1969, which require State and local views of the environmental impact of Federal or federally assisted projects;

d. Encourage, by means of early contact between applicants for Federal assistance and State and local governments and agencies, an expeditious process of intergovernmental coordination and review of proposed projects.

2. Notification.

a. Any agency of State or local government or any organization or individual undertaking to apply for assistance to a project under a Federal program listed in Attachment D will be required to notify the planning and development clearinghouse of the State (or States) and the region, if there is one, or of the metropolitan area in which the project is to be located, of its intent to apply for assistance. Notification will be accompanied by a summary description of the project for which assistance will be sought. The summary description will contain the following information:

(1) Identity of the applicant agency, organization, or individual.

(2) The geographic location of the project to be assisted.

(3) A brief description of the proposed project by type, purpose, general size or scale, estimated cost, beneficiaries, or other characteristics which will enable the clearinghouses to identify agencies of State or local government having plans, programs, or projects that might be affected by the proposed projects.

(4) A brief statement of whether or not an environmental impact statement is required and, if so, an indication of the nature and extent of environmental impact anticipated.

(5) The Federal program and agency under which assistance will be sought as indicated in the Catalog of Federal Domestic Assistance (April 1970 and subsequent editions).

(6) The estimated date by which time the applicant expects to formally file an application.

Many clearinghouses have developed notification forms and instructions. Applicants are urged to contact their clearinghouses for such information in order to expedite clearinghouse review.

b. In order to assure maximum time for effective coordination and so as not to delay the timely submission of the completed application to the Federal agency, such notifications should be sent at the earliest feasible time.

3. Clearinghouse functions. Clearinghouse functions include:

a. Evaluating the significance of proposed Federal or federally assisted projects to State, areawide or local plans and programs, as appropriate.

b. Receiving and disseminating project notifications to appropriate State agencies in the case of the State clearinghouse and to appropriate local governments and agencies in the case of regional or metropolitan clearinghouses: and providing liaison, as may be necessary, between such agencies or bodies and the applicant.

c. Assuring, pursuant to section 102(2)(C) of the National Environmental Policy Act of 1969, that appropriate State, metropolitan, regional, or local agencies which are authorized to develop and enforce environmental standards are informed of and are given opportunity to review and comment on the environmental significance of proposed projects for which Federal assistance is sought.

d. Providing, pursuant to Part II of these regulations, liaison between Federal agencies contemplating direct Federal development projects and the State or areawide agencies or local governments having plans or programs that might be affected by the proposed project.

4. Consultation and review

a. State, metropolitan, and regional clearinghouses may have a period of 30 days after receipt of a project notification in which to inform State agencies, other local or regional bodies, etc., that may be affected by the project (including agencies authorized to develop and enforce environmental standards) and to arrange, as may be necessary, to consult with the applicant on the proposed project.

b. During this period and during the period in which the application is being completed, the clearinghouse may work with the applicant in the resolution of any problems raised by the proposed project.

c. Clearinghouses may have, if necessary, an additional 30 days to review the completed application and to transmit to the applicant any comments or recommendations the clearinghouse (or others) may have.

d. In the case of a project for which Federal assistance is sought by a special purpose unit of government, clearinghouses will assure that any unit of general local government, having jurisdiction over the area in which the project is to be located, has opportunity to confer, consult, and comment upon the project and the application.

e. Applicants will include with the completed application as submitted to the Federal agency:

(1) Any comments and recommendations made by or through clearinghouses, along with a statement that such comments have been considered prior to submission of the application; or

(2) A statement that the procedures outlined in this section have been followed and that no comments or recommendations have been received.

f. Where regional or metropolitan areas are contiguous, coordinative arrangements should be established between the clearinghouses in such areas to assure that projects in one area which may have an impact on the development of a contiguous area are jointly studied. Any comments and recommendations made by or through a clearinghouse in one area on a project in a contiguous area will accompany the application for assistance to that project.

5. Subject matter of comments and recommendations. Comments and recommendations made by or through clearinghouses with respect to any project are for the purpose of assuring maximum consistency of such project with State, regional and local comprehensive plans. They are also intended to assist the Federal agency (or State agency, in the case of projects for which the State under certain Federal grants has final project approval) administering such a program in determining whether the project is in accord with applicable Federal law. Comments or recommendations, as may be appropriate, may include information about:

a. The extent to which the project is consistent with or contributes to the fulfillment of comprehensive planning for the State, region, metropolitan area, or locality.

b. The extent to which the project contributes to the achievement of State, regional, metropolitan, and local objectives as specified in section 401(a) of the Intergovernmental Cooperation Act of 1968, as follows:

(1) Appropriate land uses for housing, commercial, industrial, governmental, institutional, and other purposes;

(2) Wise development and conservation of natural resources, including land, water, minerals, wildlife, and others;

(3) Balanced transportation systems, including highway, air, water, pedestrian, mass transit, and other modes for the movement of people and goods;

(4) Adequate outdoor recreation and open space;

(5) Protection of areas of unique natural beauty, historical and scientific interest;

(6) Properly planned community facilities, including utilities for the supply of power, water, and communications, for the safe disposal of wastes, and for other purposes; and

(7) Concern for high standards of design.

c. As provided under section 102(2)(C) of the National Environmental Policy Act of 1969, the extent to which the project significantly affects the environment including consideration of:

(1) The environmental impact of the proposed project;

(2) Any adverse environmental effects which cannot be avoided should the proposed project be implemented;

(3) Alternatives to the proposed project;

(4) The relationship between local short term uses of man's environment and the maintenance and enhancement of long term productivity; and

(5) Any irreversible and irretrievable commitments of resources which would be involved in the proposed project or action, should it be implemented.

d. In the case of a project for which assistance is being sought by a special purpose unit of government, whether the unit of general local government having jurisdiction over the area in which the project is to be located has applied, or plans to apply for assistance for the same or similar type project. This information is necessary to enable the Federal (or State) agency to make the judgments required under section 402 of the Intergovernmental Cooperation Act of 1968.

6. Federal agency procedures. Federal agencies having programs covered under this Part (see Attachment D) will develop appropriate procedures for:

a. Informing potential applicants for assistance under such programs of the requirements of this Part (1) in program information materials, (2) in response to inquiries respecting application procedures, (3) in pre-application conferences, or (4) by other means which will assure earliest contact between applicant and clearinghouses.

b. Assuring that all applications for assistance under programs covered by this part have been submitted to appropriate clearinghouses for review.

c. Notifying clearinghouses within seven days of any action (approvals, disapprovals, return for amendment, etc.) taken on applications that have been reviewed by such clearinghouses. Where a State clearinghouse has assigned an identification number to an application, the Federal agency will refer to such identification number in notifying clearinghouses of actions taken on the application.

d. Assuring, in the case of an application submitted by a special purpose unit of government, where accompanying comments indicate that the unit of general local government having jurisdiction over the area in which the project is to be located has submitted or plans to submit an application for assistance for the same or a similar type project, that appropriate considerations and preferences as specified in section 402 of the Intergovernmental Cooperation Act of 1968, are accorded the unit of general local government. Where such preference cannot be so accorded, the agency shall supply, in writing, to the unit of general local government and the Office of Management and Budget its reasons therefor.

7. HUD housing programs. Because of the unique nature of the application and development process for the housing programs of the Department of Housing and Urban Development, a variation of the review procedure is necessary. For HUD programs in the 14.100 series listed in Attachment D, the following procedure for review will be followed:

a. The HUD Area or Insuring Office will transmit to the appropriate State clearinghouse and metropolitan or regional clearinghouse a copy of the initial application for HUD program approval.

b. The clearinghouses will have 15 days to review the applications and to forward to the Area or Insuring Office any comments which they may have, including observations concerning the consistency of the proposed project with State and areawide development plans and identification of major environmental concerns. Processing of applications in the Area or Insuring Office will proceed concurrently with the clearinghouse review.

c. This procedure will include only applications involving new construction and will apply to:

(1) Subdivisions having 50 or more lots involving any HUD home mortgage insurance program.

(2) Multifamily projects having 100 or more dwelling units under any HUD mortgage insurance program, or under conventional or turnkey public housing programs.

(3) Mobile home courts with 100 or more spaces.

(4) College housing provided under the debt service or direct loan programs for 200 or more students.

All other applications for assistance under the HUD programs in the 14.100 series listed in Attachment D are exempt from the requirements of this Circular.

8. Reports and directories.

a. The Director of the Office of Management and Budget may require reports, from time to time, on the implementation of this Part.

b. The Office of Management and Budget will maintain and distribute to appropriate Federal agencies a directory of State, regional, and metropolitan clearinghouses.

c. The Office of Management and Budget will notify clearinghouses and Federal agencies of any excepted categories of projects under programs listed in Attachment D.

PART II: DIRECT FEDERAL DEVELOPMENT

1. Purpose. The purpose of this Part is to:

a. Provide State and local government with information on projected Federal development so as to facilitate coordination with State, regional and local plans and programs.

b. Provide Federal agencies with information on the relationship of proposed direct Federal development projects and activities to State, regional, and local plans and programs; and to assure maximum feasible consistency of Federal developments with State, regional, and local plans and programs.

c. Provide Federal agencies with information on the possible impact on the environment of proposed Federal development.

2. Coordination of direct Federal development projects with State, regional, and local development.

a. Federal agencies having responsibility for the planning and construction of Federal buildings and installations or other Federal public works or development or for the acquisition, use, and disposal of Federal land and real property will establish procedures for:

(1) Consulting with Governors, regional and metropolitan clearinghouses, and local elected officials at the earliest practicable stage in project or development planning on the relationship of any plan or project to the development plans and programs of the State, region, or localities in which the project is to be located.

(2) Assuring that any such Federal plan or project is consistent or compatible with State, regional, and local development plans and programs identified in the course of such consultations. Exceptions will be made only where there is clear justification.

(3) Providing State, metropolitan, regional, and local agencies which are authorized to develop and enforce environmental standards with adequate opportunity to review such Federal plans and projects pursuant to section 102(2)(C) of the National Environmental Policy Act of 1969. Any comments of such agencies will accompany the environmental impact statement submitted by the Federal agency.

3. Use of clearinghouses. The State, regional, and metropolitan planning and development clearinghouses established pursuant to Part I will be utilized to the greatest extent practicable to effectuate the requirements of this Part. Agencies are urged to establish early contact with clearinghouses to work out arrangements for carrying out the consultation and review required under this Part, including identification of types of projects considered appropriate for consultation and review.

PART III: STATE PLANS

1. Purpose. The purpose of this Part is to provide Federal agencies with information about the relationship of State plans required under various Federal programs to State comprehensive planning and to other State plans.

2. Review of State plans. To the extent not presently required by statute or administrative regulation, Federal agencies administering programs requiring by statute or regulation a State plan as a condition of assistance under such programs will require that the Governor be given the opportunity to comment on the relationship of such State plan to comprehensive and other State plans and programs. Governors will be afforded a period of forty-five days in which to make such comments, and any such comments will be transmitted with the plan.

3. State plan. A State plan under this Part is defined to include any required supporting reports or documentation that indicate the programs, projects, and activities for which Federal funds will be utilized.

PART IV: COORDINATION OF PLANNING IN MULTIJURISDICTIONAL AREAS

1. Policies and objectives. The purposes of this Part are:

a. To encourage and facilitate State and local initiative and responsibility in developing organizational and procedural arrangements for coordinating comprehensive and functional planning activities.

b. To eliminate overlap, duplication, and competition in State and local planning activities assisted or required under Federal programs and to encourage the most effective use of State and local resources available for development planning.

c. To minimize inconsistency among Federal administrative and approval requirements placed on State, regional, and metropolitan development planning activities.

d. To encourage the States to exercise leadership in delineating and establishing a system of planning and development districts or regions in each State, which can provide a consistent geographic base for the coordination of Federal, State and local development programs.

2. Common or consistent planning and development districts or regions. Prior to the designation or redesignation (or approval thereof) of any planning and development district or region under any Federal program, Federal agency procedures will provide a period of thirty days for the Governor(s) of the State(s) in which the district or region will be located to review the boundaries thereof and comment upon its relationship to planning and development districts or regions established by the State. Where the State has established such planning and development districts, the boundaries of designated areas will conform to them unless there is clear justification for not doing so. Where the State has not established planning and development districts or regions which provide a basis for evaluation of the boundaries of the area proposed for designation,

major units of general local government and Federal agencies administering related programs in such area will also be consulted prior to designation of the area to assure consistency with districts established under interlocal agreement and under related Federal programs.

3. Common and consistent planning bases and coordination of related activities in multijurisdictional areas. Each agency will develop checkpoint procedures and requirements for applications for planning and development assistance under appropriate programs to assure the fullest consistency and coordination with related planning and development being carried on under other Federal programs or under State and local programs in any multijurisdictional areas.

The checkpoint procedures will incorporate provisions covering the following points:

a. Identification by the applicant of planning activities being carried on for related programs within the multijurisdictional area, including those covering a larger area within which such multijurisdictional area is located, subareas of the area, and areas overlapping the multijurisdictional area. Metropolitan or regional clearinghouses established under Part I of this Circular, may assist in providing such identification.

b. Evidence of explicit organizational or procedural arrangements that have been or are being established by the applicant to assure maximum coordination of planning for such related functions, programs, projects and activities within the multijurisdictional area. Such arrangements might include joint or common boards of directors or planning staffs, umbrella organizations, common referral or review procedures, information exchanges, etc.

c. Evidence of cooperative arrangements that have been or are being made by the applicant respecting joint or common use of planning resources (funds, personnel, facilities, and services, etc.) among related programs within the area; and

d. Evidence that planning being assisted will proceed from base data, statistics, and projections (social, economic, demographic, etc.) and assumptions that are common to or consistent with those being employed for planning related activities within the area.

4. Joint funding. Where it will enhance the quality, comprehensive scope, and coordination of planning in multijurisdictional areas, Federal agencies will, to the extent practicable provide for joint funding of planning activities being carried on therein.

5. Coordination of agency procedures and requirements. With respect to the steps called for in paragraphs 2 and 3 of this Part, departments and agencies will develop for relevant programs appropriate draft procedures and requirements. Copies of such drafts will be furnished to the Director of the Office of Management and Budget and to the heads of departments and agencies administering related programs. The Office, in consultation with the agencies, will review the draft procedures to assure the maximum obtainable consistency among them.

PART V: DEFINITIONS

Terms used in this Circular will have the following meanings:

1. Federal agency -- any department, agency, or instrumentality in the executive branch of the Government and any wholly owned Government corporation.

2. State -- any of the several States of the United States, the District of Columbia, Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of a State, but does not include the governments of the political subdivisions of the State.

3. Unit of general local government -- any city, county, town, parish, village, or other general purpose political subdivision of a State.

4. Special purpose unit of local government -- any special district, public purpose corporation, or other strictly limited purpose political subdivision of a State, but shall not include a school district.

5. Federal assistance, Federal financial assistance, Federal assistance programs, or federally assisted program -- programs that provide assistance through grant or contractual arrangements. They include technical assistance programs, or programs providing assistance in the form of loans, loan guarantees, or insurance. The term does not include any annual payment by the United States to the District of Columbia authorized by article VI of the District of Columbia Revenue Act of 1947 (D.C. Code sec. 47-2501a and 47-2501b).

6. Comprehensive planning, to the extent directly related to area needs or needs of a unit of general local government, includes the following:

a. Preparation, as a guide for governmental policies and action, of general plans with respect to:

(1) Pattern and intensity of land use,

(2) Provision of public facilities (including transportation facilities) and other government services.

(3) Effective development and utilization of human and natural resources.

b. Preparation of long range physical and fiscal plans for such action.

c. Programming of capital improvements and other major expenditures, based on a determination of relative urgency, together with definitive financing plans for such expenditures in the earlier years of the program.

d. Coordination of all related plans and activities of the State and local governments and agencies concerned.

e. Preparation of regulatory and administrative measures in support of the foregoing.

7. Metropolitan area -- a standard metropolitan statistical area as established by the Office of Management and Budget, subject, however, to such modifications and extensions as the Office of Management and Budget may determine to be appropriate for the purposes of section 204 of the Demonstration Cities and Metropolitan Development Act of 1966, and these Regulations.

8. Areawide agency -- an official State or metropolitan or regional agency empowered under State or local laws or under an interstate compact or agreement to perform comprehensive planning in an area; an organization of the type referred to in section 701(g) of the Housing Act of 1954; or such other agency or instrumentality as may be designated by the Governor (or, in the case of metropolitan areas crossing State lines, any one or more of such agencies or instrumentalities as may be designated by the Governors of the States involved) to perform such planning.

9. Planning and development clearinghouse or clearinghouse includes:

a. An agency of the State Government designated by the Governor or by State law.

b. A nonmetropolitan regional comprehensive planning agency (herein referred to as "regional clearinghouse") designated by the Governor (or Governors in the case of regions extending into more than one State) or by State law.

c. A metropolitan areawide agency that has been recognized by the Office of Management and Budget as an appropriate agency to perform review functions under section 204 of the Demonstration Cities and Metropolitan Development Act of 1966.

10. Multijurisdictional area -- any geographical area comprising, encompassing, or extending into more than one unit of general local government.

11. Planning and development district or region -- a multijurisdictional area that has been formally designated or recognized as an appropriate area for planning under State law or Federal program requirements.

12. Direct Federal development -- planning and construction of public works, physical facilities, and installations or land and real property development (including the acquisition, use, and disposal of real property) undertaken by or for the use of the Federal Government or any of its agencies.

SECTION 204 OF THE DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT OF 1966, as amended (80 Stat. 1263, 82 Stat. 208)

"Sec. 204. (a) All applications made after June 30, 1967 for Federal loans or grants to assist in carrying out open-space land projects or for planning or construction of hospitals, airports, libraries, water supply and distribution facilities, sewerage facilities and waste treatment works, highways, transportation facilities, law enforcement facilities, and water development and land conservation projects within any metropolitan area shall be submitted for review--

"(1) to any areawide agency which is designated to perform metropolitan or regional planning for the area within which the assistance is to be used, and which is, to the greatest practicable extent, composed of or responsible to the elected officials of a unit of areawide government or of the units of general local government within whose jurisdiction such agency is authorized to engage in such planning, and

"(2) if made by a special purpose unit of local government, to the unit or units of general local government with authority to operate in the area within which the project is to be located.

"(b)(1) Except as provided in paragraph (2) of this subsection, each application shall be accompanied (A) by the comments and recommendations with respect to the project involved by the areawide agency and governing bodies of the units of general local government to which the application has been submitted for review, and (B) by a statement by the applicant that such comments and recommendations have been considered prior to formal submission of the application. Such comments shall include information concerning the extent to which the project is consistent with comprehensive planning developed or in the process of development for the metropolitan area or the unit of general local government, as the case may be, and the extent to which such project contributes to the fulfillment of such planning. The comments and recommendations and the statement referred to in this paragraph shall, except in the case referred to in paragraph (2) of this subsection, be reviewed by the agency of the Federal Government to which such application is submitted for the sole purpose of assisting it in determining whether the application is in accordance with the provisions of Federal law which govern the making of the loans or grants.

"(2) An application for a Federal loan or grant need not be accompanied by the comments and recommendations and the statements referred to in paragraph (1) of this subsection, if the applicant certifies that a plan or description of the project, meeting the requirements of such rules and regulations as may be prescribed under subsection (c), or such application, has lain before an appropriate areawide agency or instrumentality or unit of general local government for a period of sixty days without comments or recommendations thereon being made by such agency or instrumentality.

"(3) The requirements of paragraphs (1) and (2) shall also apply to any amendment of the application which, in light of the purposes of this title, involves a major change in the project covered by the application prior to such amendment.

"(c) The Bureau of the Budget, or such other agency as may be designated by the President, is hereby authorized to prescribe such rules and regulations as are deemed appropriate for the effective administration of this section."

TITLE IV OF THE INTERGOVERNMENTAL COOPERATION ACT OF 1968 (82 Stat. 1103)

"TITLE IV -- COORDINATED INTERGOVERNMENTAL POLICY AND ADMINISTRATION OF DEVELOPMENT ASSISTANCE PROGRAMS"

"DECLARATION OF DEVELOPMENT ASSISTANCE POLICY"

"Sec. 401. (a) The economic and social development of the Nation and the achievement of satisfactory levels of living depend upon the sound and orderly development of all areas, both urban and rural. Moreover, in a time of rapid urbanization, the sound and orderly development of urban communities depends to a large degree upon the social and economic health and the sound development of smaller communities and rural areas. The President shall, therefore, establish rules and regulations governing the formulation, evaluation, and review of Federal programs and projects having a significant impact on area and community development, including programs providing Federal assistance to the States and localities, to the end that they shall most effectively serve these basic objectives. Such rules and regulations shall provide for full consideration of the concurrent achievement of the following specific objectives and, to the extent authorized by law, reasoned choices shall be made between such objectives when they conflict:

"(1) Appropriate land uses for housing, commercial, industrial, governmental, institutional, and other purposes;

"(2) Wise development and conservation of natural resources, including land, water, minerals, wildlife, and others;

"(3) Balanced transportation systems, including highway, air, water, pedestrian, mass transit, and other modes for the movement of people and goods;

"(4) Adequate outdoor recreation and open space;

"(5) Protection of areas of unique natural beauty, historical and scientific interest;

"(6) Properly planned community facilities, including utilities for the supply of power, water, and communications, for the safe disposal of wastes, and for other purposes; and

"(7) Concern for high standards of design.

"(b) All viewpoints -- national, regional, State and local -- shall, to the extent possible, be fully considered and taken into account in planning Federal or federally assisted development programs and projects. State and local government objectives, together with the objectives of regional organizations shall be considered and evaluated within a framework of national public objectives, as expressed in Federal law, and available projections of future national conditions and needs of regions, States, and localities shall be considered in plan formulation, evaluation, and review.

"(c) To the maximum extent possible, consistent with national objectives, all Federal aid for development purposes shall be consistent with and further the objectives of State, regional, and local comprehensive planning. Consideration shall be given to all developmental aspects of our total national community, including but not limited to housing, transportation, economic development, natural and human resources development, community facilities, and the general improvement of living environments.

"(d) Each Federal department and agency administering a development assistance program shall, to the maximum extent practicable, consult with and seek advice from all other significantly affected Federal departments and agencies in an effort to assure fully coordinated programs.

"(e) Insofar as possible, systematic planning required by individual Federal programs (such as highway construction, urban renewal, and open space) shall be coordinated with and, to the extent authorized by law, made part of comprehensive local and areawide development planning."

"FAVORING UNITS OF GENERAL LOCAL GOVERNMENT"

"Sec. 402. Where Federal law provides that both special-purpose units of local government and units of general local government are eligible to receive loans or grants-in-aid, heads of Federal departments and agencies shall, in the absence of substantial reasons to the contrary, make such loans or grants-in-aid to units of general local government rather than to special-purpose units of local government."

"RULES AND REGULATIONS"

"Sec. 403. The Bureau of the Budget, or such other agency as may be designated by the President, is hereby authorized to prescribe such rules and regulations as are deemed appropriate for the effective administration of this title."

SECTION 102 (2) (C) OF THE NATIONAL ENVIRONMENTAL POLICY ACT OF 1969 (83 Stat. 853)

"Sec. 102. The Congress authorizes and directs that, to the fullest extent possible; (1) the policies, regulations, and public laws of the United States shall be interpreted and administered in accordance with the policies set forth in this Act, and (2) all agencies of the Federal Government shall--....

"(C) include in every recommendation or report on proposals for legislation and other major Federal actions significantly affecting the quality of the human environment, a detailed statement by the responsible official on--

"(i) the environmental impact of the proposed action,

"(ii) any adverse environmental effects which cannot be avoided should the proposal be implemented,

"(iii) alternatives to the proposed action,

"(iv) the relationship between local short-term use of man's environment and the maintenance and enhancement of long-term productivity, and

"(v) any irreversible or irretrievable commitments of resources which would be involved in the proposed action should it be implemented.

"Prior to making any detailed statement, the responsible Federal official shall consult with and obtain the comments of any Federal agency which has jurisdiction by law or special expertise with respect to any environmental impact involved. Copies of such statement and the comments and views of the appropriate Federal, State, and local agencies, which are authorized to develop and enforce environmental standards, shall be made available to the President, the Council on Environmental Quality and to the public as provided by section 552 of Title 5, United States Code, and shall accompany the proposal through the existing agency review processes;...."

COVERAGE OF PROGRAMS UNDER ATTACHMENT A, Part I

1. Programs are listed below pursuant to section 204 of the Demonstration Cities and Metropolitan Development Act of 1966 and the Intergovernmental Cooperation Act of 1968. They are referenced by Catalog of Federal Domestic Assistance identification numbers (1971 Edition).

2. Heads of Federal departments and agencies may, with the concurrence of the Office of Management and Budget, exclude certain categories of projects or activities under listed programs from the requirements of Attachment A, Part I. OMB concurrence will be based on the following criteria:

a. Lack of geographic identifiability with respect to location or impact (e.g., certain types of technical studies);

b. Small scale or size;

c. Essentially local impact (within the applicant jurisdiction); and

d. Other characteristics that make review impractical. OMB will notify clearinghouses of such exclusions.

3. Covered programs

Department of Agriculture

Farmers Home Administration

10.400	Comprehensive Areawide Water and Sewer Planning Grants
10.409	Irrigation, Drainage and Other Soil and Conservation Loans

10.414 Resource Conservation and Development Loans

10.418 Water and Waste Disposal Systems for Rural Communities

10.419 Watershed Protection and Flood Prevention Loans

Soil Conservation Service

10.901 Resource Conservation and Development

10.904 Watershed Protection and Flood Prevention

Department of Commerce

Economic Development Administration

11.300 Economic Development -- Grants and Loans for Public Works and Development Facilities

11.302 Economic Development -- Planning Assistance

11.303 Economic Development -- Technical Assistance

Department of Defense

Department of the Army, Office of the Chief of Engineers

12.101 Beach Erosion Control

12.106 Small Flood Control Projects

12.107 Small Navigation Projects

12.108 Snagging and Clearing for Flood Control

Department of Health, Education, and Welfare

Health Services and Mental Health Administration

13.206	Comprehensive Health Planning -- Areawide Grants
13.220	Health Facilities Construction -- Hospitals and Public Health Centers
13.235	Mental Health -- Community Assistance Grants for Narcotic Addiction (Construction Only)
13.249	Regional Medical Programs -- Operational and Planning Grants (Planning and Construction Only)
13.253	Health Facilities Construction - Loans and Loan Guarantees

National Institutes of Health

13.340	Health Professions Facilities Construction
13.350	Medical Library Assistance -- Regional Medical Libraries
13.369	Schools of Nursing -- Facilities Construction

Office of Education

13.408	Construction of Public Libraries
13.456	Higher Education Academic Facilities -- State Comprehensive Planning
13.457	Higher Education Academic Facilities Construction -- Interest Subsidization

13.459 Higher Education Academic Facilities Construction -- Public Community Colleges and Technical Institutes

13.477 School Assistance in Federally Affected Areas -- Construction

13.493 Vocational Education -- Basic Grants to States (Construction Only)

Social and Rehabilitation Service

13.711 Juvenile Delinquency Planning, Prevention, and Rehabilitation (Planning and Construction Only)

13.746 Vocational Rehabilitation Services -- Basic Support (Construction Only)

13.753 Developmentally Disabled - Basic support (Construction Only)

13.755 Vocational Rehabilitation - Construction Grants

Department of Housing and Urban Development

Housing Production and Mortgage Credit/FHA

Note: The following programs are subject to the limitations and procedures set forth in paragraph 7, Part I, of the Circular.

14.100 Housing for Educational Institutions

14.103 Interest Reduction Payments - Rental and Cooperative Housing for Lower Income Families (236)

14.105	Interest Subsidy - Homes for Lower Income Families (235(i))
14.112	Mortgage Insurance - Construction or Rehabilitation of Condominium Projects (234(d))
14.115	Mortgage Insurance - Development of Sales Type Cooperative Projects (213)
14.117	Mortgage Insurance - Homes (203(b))
14.118	Mortgage Insurance - Homes for Certified Veterans (203(b))
14.119	Mortgage Insurance - Homes for Disaster Victims (203(h))
14.120	Mortgage Insurance - Homes for Low and Moderate Income Families (221(d)(2))
14.121	Mortgage Insurance - Homes in Outlying Areas (203(i))
14.122	Mortgage Insurance - Homes in Urban Renewal Areas (220 homes)
14.124	Mortgage Insurance - Investor Sponsored Cooperative Housing (213)
14.125	Mortgage Insurance - Land Development and New Communities (Title X)
14.126	Mortgage Insurance - Management Type Cooperative Projects (213)
14.127	Mortgage Insurance - Mobile Home Courts (207)
14.134	Mortgage Insurance - Rental (207)
14.13	Mortgage Insurance - Rental Housing for Moderate Income Families (221(d) (4))

14.137 Mortgage Insurance - Rental Housing for Low and Moderate Income Families, Market Interest Rate (221(d)(3))

14.138 Mortgage Insurance - Rental Housing for the Elderly (231)

14.139 Mortgage Insurance - Rental Housing in Urban Renewal Areas (220)

14.146 Public Housing - Acquisition, Construction, Rehabilitation (New Construction Only)

14.149 Rent Supplements - Rental Housing for Low Income Families

Community Planning and Management

14.203 Comprehensive Planning Assistance

14.207 New Communities -- Loan Guarantees

14.208 New Communities -- Supplementary Grants

14.214 Urban Systems Engineering Demonstration Grants

Community Development

14.300 Model Cities Supplementary Grants

14.301 Basic Water and Sewer Facilities - Grants

14.303 Open Space Land Programs

14.304 Public Facility Loans

14.306 Neighborhood Development

14.307 Urban Renewal Projects

Department of the Interior

Bureau of Outdoor Recreation

15.400 Outdoor Recreation -- Acquisition & Development

15.401 Outdoor Recreation State Planning -- Financial Assistance

Bureau of Reclamation

15.501 Irrigation Distribution System Loans

15.503 Small Reclamation Projects

National Park Service

15.904 Historic Preservation

Department of Justice

Law Enforcement Assistance Administration

16.500 Law Enforcement Assistance -- Comprehensive Planning Grants

16.501 Law Enforcement Assistance -- Discretionary Grants

16.502 Law Enforcement Assistance -- Improving and Strengthening Law Enforcement

Department of Labor

Manpower Administration

17.205	Cooperative Area Manpower Planning System

Department of Transportation

Federal Aviation Administration

20.102	Airport Development Aid Program
20.103	Airport Planning Grant Program

Federal Highway Administration

20.201	Forest Highways
20.204	Highway Beautification -- Landscaping and Scenic Enhancement
20.205	Highway Planning and Construction
20.206	Highway Planning and Research Studies
20.209	Public Lands Highways
20.211	Traffic Operations Program to Increase Capacity and Safety (Construction Only)

Urban Mass Transportation Administration

20.500	Urban Mass Transportation Capital Improvement Grants (Planning & Construction Only)
20.501	Urban Mass Transportation Capital Improvement Loans (Planning & Construction Only)
20.505	Urban Mass Transportation Technical Studies Grants (Planning and Construction Only)

Appalachian Regional Commission

23.003	Appalachian Development Highway System
23.004	Appalachian Health Demonstrations (Planning and Construction only)
23.008	Appalachian Local Access Roads
23.010	Appalachian Mine Area Restoration
23.012	Appalachian Vocational Education Facilities

National Science Foundation

47.036	Intergovernmental Science Programs

Office of Economic Opportunity

49.002	Community Action (excluding administration, research, training and technical assistance, and evaluation).

Water Resources Council

65.001	Water Resources Planning

Environmental Protection Agency

Air Pollution Control Office

66.001	Air Pollution Control Program Grants (Planning Only)

Solid Waste Management Office

66.300	Solid Waste Demonstration and Resource Recovery System Grants
66.301	Solid Waste Planning Grants

Water Quality Office

66.400	Construction Grants for Wastewater Treatment Works
66.401	Water Pollution Control Comprehensive Basin Planning Grants
66.407	Water Pollution Control - State and Interstate Program Grants

ENVIRONMENTAL PROTECTION AGENCY
Washington, D. C. 20460

NOTICE TO APPLICANTS

All applicants for grants under this program are subject to the requirements of the PROJECT NOTIFICATION AND REVIEW SYSTEM pursuant to the Office of Management and Budget Circular No. A-95. The purpose of the system is to facilitate coordination of State, regional, and local planning and development through the establishment and use of a network of State, regional, and metropolitan clearinghouses. The functions of the clearinghouses are to identify the relationship of any project to Statewide or areawide comprehensive plans, to identify the relationship of any project to the plans or programs of particular State agencies or local governments, and to provide input to environmental impact statements.

The project notification and review system is designed to enable early contact between applicants for Federal assistance and State and local governments and agencies so there will be sufficient time and opportunity for effective coordination before the application is developed.

Applicant's Responsibilities.

As soon as an applicant decides to request support from the Environmental Protection Agency for a proposed project under this program, the applicant:

1. Must notify both the State and the regional or metropolitan clearinghouses of the intent to apply for Federal assistance.

a. The names and addresses of the clearinghouses may be obtained from the Environmental Protection Agency Regional Office or the program office in Washington.

b. The regional or metropolitan clearinghouse to which the notification is to be sent is the clearinghouse which has responsibility for the geographic area in which the proposed activity will take place. If the proposed activity extends into two geographic areas or into two States, the clearinghouses in both areas must be notified.

c. The applicant should contact the clearinghouses for notification forms and instructions. Generally, notification will be accompanied by a summary description including the following information:

(1) Identity of the applicant agency, organization, or individual.

(2) The geographic location of the project to be assisted.

(3) A brief description of the proposed project by type, purpose, general size or scale, estimated cost, beneficiaries, or other characteristics which will enable the clearinghouses to identify agencies of State or local government having plans, programs, or projects that might be affected by the proposed projects.

(4) A brief statement of the nature and extent of environmental impact anticipated.

(5) The Federal program and agency under which assistance will be sought, as indicated in the Catalog of Federal Domestic Assistance (1971 and subsequent editions.)

(6) The estimated date by which the applicant expects to formally file an application.

2. Must confer with the clearinghouse(s) or other appropriate agencies when so requested to discuss any issues which the proposed project may have raised; to resolve such issues, if possible, while the application is under development; and to incorporate agreed upon modifications.

3. Must send the completed application to the clearinghouse(s) for comment if issues remain unresolved and/or the clearinghouse notifies the applicant of its intent to make comments.

4. Must include with the application when submitted to the Environmental Protection Agency:

a. A statement that the procedures outlined above have been followed and that no comments have been received from the clearinghouse(s); that the comments of the clearinghouse(s) have been considered in the development of the application; or that the comments of the clearinghouse(s) on unresolved issues are transmitted with the application. (Suggested format No. 1)

b. An assessment of the probable impact of the proposed project on the environment. (Suggested format No. 2)

Time Schedule for System

1. Clearinghouses have 30 days after receipt of notification from the applicant in which to disseminate the information to other appropriate State, local, regional, or subregional agencies and in which to make their own review of the information. Within this 30 day period the clearinghouse(s) should also arrange with the applicant conferences or consultations on any issues raised on the proposed project.

2. If by the end of 30 days the applicant receives no request from the clearinghouse for further consultation, or if all issues raised are resolved through discussion between the applicant and the interested agency, applicants my complete and submit the application to the Environmental Protection Agency.

3. If issues raised are not resolved through discussion, the clearinghouse may notify the applicant that it wishes to make comments on the completed application. Applicants must then submit the completed application to the clearinghouse before it is sent to EPA and allow the clearinghouse an additional 30 days in which to file comments with the applicant.

4. Applicants who intend to apply for a construction grant which is subject to Section 204 of the Demonstration Cities and Metropolitan Development Act of 1966 and which is located in an area covered by a metropolitan clearinghouse must be notified in writing by the metropolitan clearinghouse that it has no comment to make on the notification, or, if the clearinghouse has asked to comment on the application, must allow 30 days for the clearinghouse to make such comments.

Submission of Application.

The notification to the clearinghouses, discussions to resolve issues while the application is under preparation, and the receipt of comments on the completed application (when necessary) are all actions to be completed before the application is submitted to the Environmental Protection Agency. Applications received which have not been processed through the project notification and review system in accordance with these instructions will be returned to the applicant as incomplete.

Suggested Format No. 1

APPLICANT'S STATEMENT
on
REVIEW BY CLEARINGHOUSES

DATE:

APPLICANT:____

ADDRESS:____

PROJECT DESCRIPTION:

STATEMENT (Check Applicable):

☐ 1. Application is accompanied by comments and recommendations made by or through the clearinghouse(s). These have been considered prior to submission.

☐ 2. No comments or recommendations have been received from the clearinghouse(s) although the specified notification procedures have been followed.

Applicants for grants for construction of wastewater treatment facilities:

☐ 3. Applicant wishes to be considered for a 10 percent increase in grant pursuant to Section 8(f) of the Federal Water Pollution Control Act for conformity of project with the comprehensive plan developed or in process of development for the metropolitan area in which it is located. Comments from the appropriate planning agency are attached.

____
(Signature)
Authorized Representative of Applicant

Suggested Format No. 2

ENVIRONMENTAL ASSESSMENT

Project Identification

Name of Applicant:

Address:

Project Number:

Location of Project:

Brief Description of Project:

I. Any pending enforcement conference recommendations, air or water quality standards implementation plans, or other legal or enforcement actions and the respective status or progress on each:

II. Probable impact of the project on environment:

III. Any probable adverse environmental effects which cannot be avoided:

IV. Alternatives considered with evaluation of each:

V. Relationship between local short-term uses of environment and maintenance and enhancement of long-term productivity:

VI. Any irreversible and irretrievable commitment of resources:

VII. Public objections to project, if any, and their resolution:

VIII. Agencies consulted about the project:
State Representative's Name:
Local Representative's Name:

(Signature)
Authorized Representative of Applicant

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET
WASHINGTON, D.C. 20503

June 5, 1970

CIRCULAR NO. A-98

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Notification to States of grant-in-aid information

1. Purpose. This Circular provides revised procedures, and prescribes a standard reporting form, for the implementation of section 201 of the Intergovernmental Cooperation Act of 1968 (Public Law 90-577, approved October 16, 1968), which requires Federal agencies to provide information to States on grant-in-aid actions.

2. Rescission. This Circular rescinds and replaces Part III of Attachment A of Bureau of the Budget Circular No. A-95, dated July 24, 1969.

3. Authority. This Circular is issued pursuant to:

a. Section 201 of the Intergovernmental Cooperation Act of 1968, which provides that:

> "Any department or agency of the United States Government which administers a program of grants-in-aid to any of the State governments of the United States or to their political subdivisions shall, upon request, notify in writing the Governor, the State legislature, or other official designated by either, of the purpose and amounts of actual grants-in-aid to the State or to its political subdivisions. In each instance, a copy of requested information shall be furnished the State legislature or the Governor, depending upon the original request for such data."

b. The President's Memorandum of November 8, 1968, to the Director of the Bureau of the Budget (33 F.R. 16487), which assigns responsibility to the Bureau for coordinating implementation of the Intergovernmental Cooperation Act of 1968 to assure "consistent and uniform action by the Federal Government."

4. Definitions. For the purposes of this Circular, the terms listed below have the following meanings:

a. Federal agency -- any department, agency, or instrumentality in the executive branch of the Government and any wholly owned Government corporation (as defined in the Intergovernmental Cooperation Act of 1968).

b. State -- any of the several States of the United States, the District of Columbia, Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of a State, but not including the governments of the political subdivisions of the State (as defined in the Intergovernmental Cooperation Act of 1968).

c. Political subdivision or local government -- a local unit of government, including specifically a county, municipality, city, town, township, or a school or other special district created by or pursuant to State law (as defined in the Intergovernmental Cooperation Act of 1968).

d. Grant or grant-in-aid (in this Circular and the attached Form 240 these terms are used interchangeably and include grants or grants-in-aid in the form of cost reimbursable contracts).

> "...money, or property provided in lieu of money, paid or furnished by the United States under a fixed annual or aggregate authorization—(A) to a State; or (B) to a political subdivision of a State; or (C) to a beneficiary under a plan or program, administered by a State or a political subdivision of a State, which is subject to approval by a Federal agency; if such authorization either (i) requires the States or political subdivisions to expend non-Federal funds as a condition for the receipt of money or property from the United States; or (ii) specifies directly, or establishes by means of a formula, the amounts which may be paid or furnished to States or political subdivisions, or the amounts to be allotted for use in each of the States by the States, political subdivisions, or other beneficiaries. The term also includes money, or property provided in lieu of money, paid and furnished by the United States to any community action agency under the Economic Opportunity Act of 1964, as amended. The term does not include (1) shared revenues; (2) payments of taxes; (3) payments in lieu of taxes; (4) loans or repayable advances; (5) surplus property or surplus agricultural commodities furnished as such; (6) payments under research and development contracts or grants which are awarded directly and on similar terms to all qualifying organizations, whether public or private; or (7) payments to States or political subdivisions as full reimbursement for the costs incurred in paying benefits or furnishing services to persons entitled thereto under Federal laws" (as defined in the Intergovernmental Cooperation Act of 1968).

e. State central information reception agency -- the State agency which has been designated by the Governor, in consultation with the legislature and in compliance with a request heretofore made by the Director of the Bureau of the Budget, to serve as the central reception point for Federal grant-in-aid information furnished under section 201 of the Intergovernmental Cooperation Act of 1968.

(No. A-98)

5. Coverage. The provisions of this Circular apply to all grants-in-aid awarded to States or their political subdivisions by Federal agencies. However, agencies are encouraged to utilize the standard notification procedures prescribed in paragraph 6 for notification of benefits and assistance beyond those covered under the grant-in-aid definition in paragraph 4.d, such as research and development grants and contracts, grants to private or nonprofit organizations, payments in lieu of taxes, loans, payments-in-kind, etc.

6. Procedures. Federal agencies will provide notification to the appropriate State central information reception agency for each grant awarded on or after the effective date of this Circular, and for each subsequent related transaction including changes in the value or duration of a grant. Such notification will be given on Standard Form 240 (Notification of Grant-in-Aid Action) which is to be prepared at the time the agency prepares its own formal notification to the grantee. Such notification should be given to the State central information reception agency concurrently with formal notification to the grantee but in no case later than seven (7) working days following such formal notification.

7. Liaison Responsibilities.

a. States -- Governors will be requested to inform the Bureau of the Budget, Management Information Systems Staff, Washington, D. C. 20503, of any change in the name or address of the State central information reception agencies.

b. Federal agencies will:

(1) In accordance with paragraph 6 above, provide one copy of Standard Form 240 to the appropriate State central information reception agency.

(2) Provide one copy of each notification furnished under paragraph 6 to the Bureau of the Budget, Management Information Systems Staff, Washington, D. C. 20503.

(3) Designate an office and an individual to represent it in matters pertaining to this Circular. The Bureau of the Budget shall be informed of these designations not later than July 1, 1970.

c. The Bureau of the Budget will:

(1) Provide to Federal agencies the addresses of the State central information reception agencies.

(2) Provide to State central information reception agencies a list of Federal agency representatives.

8. Effective date. This Circular is effective July 1, 1970. In the event agencies are unable to obtain appropriate quantities of forms from the General Services Administration sufficiently in advance of July 1, 1970, to insure timely implementation, they may reproduce a quantity suitable for initial implementation.

ROBERT P. MAYO
Director

Attachment

INSTRUCTIONS FOR PREPARATION OF STANDARD FORM 240

NOTIFICATION OF GRANT-IN-AID ACTION

1. State application identifier – the code or number assigned by State clearinghouses on applications requiring State clearinghouse coordination for programs listed in Attachment D to Bureau of the Budget Circular No. A-95. This is to be filled in by the *grantor* where such coding is available from the application.

2. Reserved for use by State information reception agency – this space is reserved for the administrative use of each State's central information reception agency and is to be *left blank*.

3. Grantor.

a. Federal agency – the executive department or independent agency under whose responsibility the grant program is administered.

b. Organizational unit – the *primary* organizational unit below the department level, where applicable.

c. Administering office.

(1) Name – the lowest level Federal agency organization having *direct operational responsibility* for managing the grant program.

(2) Address – the street or post office box number, city, State, and zip code of the administering office.

4. Federal agency grant identifier.

a. Code – the code used by the grantor to identify the grant within his own system. If no code exists, fill in "NA"

b. Title – the descriptive name or heading of *this* grant.

c. Purpose – a brief but complete description of the purpose or nature of the grant.

5. Grantee – the primary recipient of the grant.

a. Name – the organization identified as the primary recipient of the grant.

b. Address – street or post office box number, city, State, and zip code of the grantee.

6. Grantee type (check only the *single most* applicable box).

a. State – an organizational unit of State government.

b. Interstate – an organizational unit established by two or more States to coordinate certain regional programs such as water pollution control (e.g., New England Interstate Water Pollution Control Commission).

c. County – an organizational unit of the government of a county (or parish).

d. City – an organizational unit of the government of a city, town, township, or other municipality.

e. School district – a specified school district.

f. Special unit – a special district, or other limited-purpose political subdivision of a State, county, or city – other than a school district (include here such institutions as public colleges and universities, and *intrastate* regions such as water and sewer districts).

g. Community action – a community action agency set up under the Economic Opportunity Act of 1964, as amended.

h. Sponsored organization – a public-purpose organization, other than an organizational unit of government, that is a beneficiary under a plan or program administered by a State or a political subdivision of a State, county, or city and which is subject to approval by a Federal agency (e.g., Economic Development Districts).

i. Other – If the grantee is not covered by any of the types listed above (e.g., Indian reservations, private educational institutions, and private and nonprofit organizations not covered as "sponsored organizations," etc.). Identify type of grantee in item 16, "Remarks," when the type is not self-evident from the name of the grantee in item 5a above.

7. Application receipt date – the date the formal application for this grant was first received by a Federal office for a new, continuation, or supplemental grant. If this action is a "change in existing grant" (see item 11d), fill in "NA." Use two digits each for year, month and day, in that sequence in accordance with the Federal Information Processing Standards (FIPS).

8. Action date – the date the grantor officially authorizes this action. Use two digits each for year, month and day, in that sequence.

9. Effective starting date – the date that grant benefits related to this action are available for use by the grantee. Use two digits each for year, month and day, in that sequence.

10. Ending date – the date of the end of the grant period related to this action, if the grant-in-aid (or change to an existing grant) awarded specifies such. Use two digits each for year, month and day, in that sequence. If there is no set grant period or duration, fill in "NA."

11. Type of action (check as many boxes as apply to this action).

a. New grant – an action considered by the grantor to be an award of a new grant.

b. Continuation grant – an action that constitutes a continuation action within a multi-year grant (e.g., the second year award under a five-year project period grant).

c. Supplemental grant – an action that increases the Federal contribution in certain cases where the eligible applicant cannot supply the required matching share of the basic Federal program (e.g., grants awarded under the Appalachian Regional Commission's program, "Appalachia – Supplements to Federal Grants-in-Aid"). Identify the Federal agency that awarded the supplemental grant in item 16.

d. Change in existing grant.

(1) Increase in duration – an extension of the period of time the grant is available.

(2) Decrease in duration – a reduction in the period of time the grant is available.

(3) Cancellation – a cancellation of a grant previously awarded.

(4) Increase ($) – an increase in the dollar value of the Federal contribution.

(5) Decrease ($) – a decrease in the dollar value of the Federal contribution

12. Amount of contribution in dollars (include the dollar value of in-kind contributions for all benefits – direct or indirect where applicable). If the action is a change in dollar amount of an existing grant, *indicate only the amount of the change*.

a. Federal contribution – the dollar value of the Federal contribution related to *this action*.

(1) Basic – the dollar value of the basic Federal contribution. This would *not* include any contribution provided under a supplemental grant as defined in 11c above

(2) Supplemental – the dollar value of the supplemental portion of the Federal contribution as defined in 11c above.

b. State contribution – the dollar value of the State contribution related to *this action*, if this information is available.

c. Local contribution – the dollar value of county, city, or other local government contribution related to *this action*, if this information is available.

d. Other contribution – the dollar value of private, nonprofit, or other nongovernmental contribution related to *this action*, if this information is available.

13. "Catalog of Federal Domestic Assistance" (CFDA) program.

a. Program number – the five-digit number designating the program as identified in the most recent "Catalog of Federal Domestic Assistance" (beginning with the 1970 edition) under which this grant is awarded. In the event that this grant cannot be directly related to any program in the CFDA, fill in "NA" and explain in item 16.

b. Supplemental program number – the five-digit number designating the supplemental program related to 11c above as identified in the most recent "Catalog of Federal Domestic Assistance."

14. Authorization.

a. Federal Budget account – the 13 digit code(s) identifying the account(s) funding the grant as expressed in the Appendix to the Budget of the United States (e.g., 06-70-1703-0-1-502 is the Department of Commerce, State Marine Schools account).

b. Public Laws – the Public Law citation(s) (P.L.'s) for the legislative authorization(s) including, if applicable and available, the title and section of the Public Law.

c. U.S. Code – the United States Code citation(s) for the legislative authorization(s), if applicable.

15. Facility location (for facility grant actions only) – if this action is concerned with the acquisition, construction or improvement of a specific, identifiable, fixed facility, identify the location of the facility. If more than one facility is involved, clarify in item 16.

a. City – the city, town, township, or other municipality in which the facility is located.

b. County – the county in which the facility is located, if this information is available.

16. Remarks – provide a brief explanation if appropriate and if the action calls for the identification of:

(1) "Other" grantee type (item 6i).

(2) Federal agency awarding the supplemental grant (item 11c).

(3) The reason this action is not directly relatable to a CFDA program (item 13).

(4) Additional facility locations (item 15).

(5) Other explanatory remarks deemed pertinent.

One copy of this form is to be submitted to each of the following:

1. The appropriate State central information reception agency.
2. Bureau of the Budget, Management Information Systems Staff, Washington, D.C. 20503.

NOTIFICATION OF GRANT-IN-AID ACTION

Do Not Use This Space

1. TE APPLICATION IDENTIFIER

2. *(Reserved for use by State central information reception agency)*

3 GRANTOR: a. Federal agency

b. Organizational unit

c. Administering office – (1) Name

(2) Address – Street or P.O. Box | City | State | Zip Code

4 FEDERAL AGENCY GRANT IDENTIFIER: a. Code | b. Title

c. Purpose

5 GRANTEE: a. Name

b Address – Street or P.O. Box | City | State | Zip Code

6 GRANTEE TYPE *(Check only the single most applicable box)*

a. State ☐ b. Inter-state ☐ c. County ☐ d. City ☐ e. School district ☐ f. Special unit ☐ g. Community action ☐ h. Sponsored organization ☐ i. Other ☐

7 PLICATION RECEIPT DATE: ear | Month | Day

8. ACTION DATE: Year | Month | Day

9. EFFECTIVE STARTING DATE: Year | Month | Day

10. ENDING DATE: Year | Month | Day

11 TYPE OF ACTION *(Check as many boxes as apply to this action)*

a. New grant ☐ b. Continuation grant ☐ c. Supplemental grant *(identify agency in item 16)* ☐ d. Change in existing grant: (1) Increase in duration ☐ (2) Decrease in duration ☐ (3) Cancellation ☐ (4) Increase($) ☐ (5) Decrease($) ☐

12 AMOUNT OF CONTRIBUTION

a. Federal – (1) basic $ | (2) Supplemental $ | b. State $ | c. Local $ | d. Other $

13 CATALOG OF FEDERAL DOMESTIC ASSISTANCE PROGRAM *(if none, clarify in item 16)* | a. Program Number | b. Supplemental Program Number

14 AUTHORIZATION

a. Federal Budget Accounts

b Public Laws | PL Title Sec | PL Title Sec | PL Title Sec

c U.S. Code

15 FACILITY LOCATION *(For facility grant actions only)*

a City | b County

16 REMARKS

STANDARD FORM 240
June 1970 Bureau of the
Budget Circular A-98
240-101

(As of December 9, 1971)

DIRECTORY OF STATE CLEARINGHOUSES AND STATE CENTRAL INFORMATION RECEPTION AGENCIES

STATE CLEARINGHOUSE (A-95)	STATE CENTRAL INFORMATION RECEPTION AGENCY (A-98)
Alabama Mr. H. P. K. Walmsley Grant and Reference Service Alabama Development Office State Office Building Montgomery, Alabama 36104 (205) 269-7172	Same
Alaska Mr. R. W. Pavitt, AIR, Director Division of Planning & Research Office of the Governor Pouch AD Juneau, Alaska 99801 (907) 586-5386	Same
Arizona Mr. Robert G. Worden Executive Director Department of Economic Planning and Development 3003 North Central Avenue Suite 1704 Phoenix, Arizona 85007 (602) 271-5371	Mr. D. L. Olson Director of the Budget Division Finance Department State Capitol, Room 110 Phoenix, Arizona 85005 (602) 271-5381
Arkansas Mr. Bert Wakely Arkansas Planning Commission Game & Fish Commission Building Room 300 Little Rock, Arkansas 72201 (501) 371-1301	Same
California Mr. Thomas N. Duffy, Chief Office of Intergovernmental Management Office of the Lt. Governor 1400 10th Street Sacramento, California 95814 (916) 445-7724 (x2420)	Same

STATE CLEARINGHOUSE (A-95)	STATE CENTRAL INFORMATION RECEPTION AGENCY (A-98)
Colorado Mr. Hugh H. C. Weed, Jr. Executive Director Department of Local Affairs 1550 Lincoln Street, Room 208 Denver, Colorado 80203 (303) 892-2771	Same
Connecticut Mr. Horace H. Brown Office of State Planning Department of Finance and Control 340 Capitol Avenue Hartford, Connecticut 06115 (203) 566-2836	Mr. Raymond U. Rosa, Director Deputy Commissioner Department of Finance and Control State Capitol Hartford, Connecticut 06115 (203) 566-5294
Delaware Mr. David R. Keifer, Director State Planning Office Thomas Collins Building 530 South Dupont Highway Dover, Delaware 19901 (302) 734-5711	Same
Florida Mr. Homer E. Still, Jr., Chief State Planning & Development Clearinghouse 725 South Bronough Street Tallahassee, Florida 32304 (904) 224-3117	Same
Georgia Mr. Thomas Linder State Planning Officer State Planning & Programming Bureau 270 Washington Street, S.W. Room 611 Atlanta, Georgia 30334 (404) 524-1521	Same
Hawaii Mr. Shelly M. Mark, Director Department of Planning Economic Development P.O. Box 2359 Honolulu, Hawaii 96804	Mr. Hiram K. Kamaka, Director Department of Budget & Finance P.O. Box 150 Honolulu, Hawaii 96810

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Illinois Mr. Ronald D. Michaelson Office of the Governor 205 State House Springfield, Illinois 62706 (217) 525-6830	Mr. John W. McCarter, Jr. State Bureau of the Budget 202 Capitol Building Springfield, Illinois 62706 (217) 525-4520 Mr. Edwin L. Sterling Executive Director Commission on Intergovernmental Cooperation State Capitol Senate Room 547 Springfield, Illinois 62706 (217) 525-6924
Indiana Mr. James B. Kessler Special Assistant to the Governor Office of the Governor 206 State House Indianapolis, Indiana 46204 (317) 633-4567	Same
Iowa Mr. Leroy H. Petersen, Director Office for Planning & Programming State Capitol Des Moines, Iowa 50319 (515) 281-5974	Same
Kansas Mr. James Bibb, Director Budget Division Department of Administration State Capitol Building Topeka, Kansas 66612 (913) 296-2436	Same

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Kentucky Mr. Joseph M. Gray, Administrator Kentucky Program Development Office Capitol Building Room 157 Frankfort, Kentucky 40601 (502) 564-3605	Same
Louisiana Mrs. Joe Wood Executive Director Commission on Intergovernmental Relations P. O. Box 44455 Baton Rouge, Louisiana 70804 (504) 389-5666	Same
Maine Mr. Philip M. Savage Planning Director State Planning Office Executive Department 189 State Street Augusta, Maine 04330 (207) 289-3261	Mr. Maurice Williams, Commissioner Department of Finance and Administration State Office Building Augusta, Maine 04330 Attention: Mr. Otto Siebert (207) 289-2881
Maryland Mr. Vladimir A. Wahbe Department of State Planning 301 West Preston Street Baltimore, Maryland 21201 (301) 383-2450	Same
Masaachusetts Mr. Robert H. Marden, Director Office of Planning and Program Coordination Executive Office for Administration & Finance 100 Cambridge Street, Room 909 Boston, Massachusetts 02202 (617) 727-5066	Same
Michigan Mr. Richard K. Helmbrecht, Director Office of Program Development and Planning Bureau of Programs and Budget Executive Office of the Governor Lewis Cass Building Lansing, Michigan 48913 (517) 373-0933	Mr. Gerald H. Miller, Director Research Division Bureau of Programs and Budget Executive Office of the Governor Lewis Cass Building Lansing, Michigan 48913 (517) 373-0031

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Mississippi Mr. David R. Bowen Coordinator of Federal-State Programs Office of the Governor 510 Lamar Life Building Jackson, Mississippi 39201 (601) 354-7570	Same
Missouri Mr. Gene Sally, Director Department of Community Affairs 500 Jefferson Building Jefferson City, Missouri 65101 (314) 635-9241	Mr. John Hayes, Director Office of State Fiscal Affairs Capitol Building, Room 132 Jefferson City, Missouri 65101 (314) 635-7225
Montana Mr. Perry Roys, Director State Department of Planning & Economic Development Old Governor's Mansion Helena, Montana 59601 (406) 449-2400	Same
Nebraska Mr. Gustave Lieske, Director Department of Administrative Services State Capitol Lincoln, Nebraska 68509 (402) 471-2331	Same
Nevada Mr. Howard Barrett, Director State Department of Administration Blasdale Building Carson City, Nevada 89701 (702) 882-7213	Same

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New Mexico Mr. Keith M. Dotson State Planning Officer State Planning Office State Capitol Santa Fe, New Mexico 87501 (505) 827-2315	Same
New York Mr. Henry G. Williams Deputy Director Office of Planning Coordination 488 Broadway Albany, New York 12224 (518) 474-7210	Mr. Howard L. Malone Federal Relations Unit Division of the Budget Executive Department State Capitol Albany, New York 12224 (518) 474-6496
North Carolina Mr. Randolph Hendricks Clearinghouse and Information Center State Planning Division 116 West Jones Street Raleigh, North Carolina 27603 (919) 829-4375	Same
North Dakota Mr. Keith Burkholder State Planning Agency State Capitol Bismarck, North Dakota 58501 (701) 224-2200	Same

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Oklahoma Mr. James P. Dawson Special Assistant to the Governor Office of Community Affairs and Planning P. O. Box 53443 Oklahoma City, Oklahoma 73105 (405) 521-2011	Same
Oregon Mr. Robert Davis Executive Assistant to the Governor Office of the Governor State Capitol Salem, Oregon 97310 (503) 364-2171 (x1076)	Same
Pennsylvania Mr. Irving Hand Executive Director State Planning Board P. O. Box 191 Harrisburg, Pennsylvania 17120 (717) 787-2086	Mr. Francis X. Coyle, Chief Office of Administration Main Capitol Room 615 Harrisburg, Pennsylvania 17120 (717) 787-7852
Rhode Island Mr. Daniel W. Varin, Chief Statewide Planning Program State House, Room 124 Providence, Rhode Island 02903 (401) 277-2656	Mr. David V. Evans Administrative Assistant Office of the Governor State House Providence, Rhode Island 02903 (401) 277-2251
South Carolina Mr. A. W. Bloodworth, Jr. Program Coordinator State Planning & Grants Division Wade Hampton Office Building Columbia, South Carolina 29201 (803) 758-2946	Same

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Texas Mr. Dan S. Petty Director of Planning Coordination Office of the Governor Capitol Station Austin, Texas 78711 (512) 475-2427	Same
Utah Mr. William G. Bruhn Acting State Planning Coordinator Office of the Governor 210 State Capitol Salt Lake City, Utah 84114 (801) 328-5236	Same
Vermont Mr. Bernard D. Johnson, Director State Planning Office State Office Building Montpelier, Vermont 05602 (802) 223-2311 (x354)	Mr. Ronald E. W. Crisman Commissioner Department of Budget & Management Vermont Agency of Administration Pavilion Office Building State Street Montpelier, Vermont 05602 (802) 223-2311 (x332)
Virginia Mr. Charles H. Graves, Director Division of Planning & Community Affairs 1010 James Madison Building Richmond, Virginia 23219 (703) 770-3785	Mr. John McCutcheon, Director Division of the Budget State Capitol P. O. Box 1422 Richmond, Virginia 23211 (703) 770-3152

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Washington Mr. Richard H. Slavin, Director Planning and Community Affairs Agency State Capitol Olympia, Washington 98501 (206) 753-2200	Office of the Governor Office of Program Planning & Fiscal Management Insurance Building Olympia, Washington 98501 (206) 753-5297
West Virginia Mr. William H. Loy Office of Federal-State Relations Office of the Governor Charleston, West Virginia 25305 (302) 348-2000	Same
Wisconsin Mr. Walter McCanna State Bureau of Planning and Budget Department of Administration One West Wilson Street State Office Building Madison, Wsiconsin 53702 (608) 266-7008	Mr. Donald Holl Chief, Federal Aids Section Bureau of Budget & Management Department of Administration State Office Building, Room B-114 Madison, Wisconsin 53702 (608) 266-0288
Wyoming Mr. G. Keith Osborn State Planning Coordinator Office of the Governor Capitol Building Cheyenne, Wyoming 82001 (302) 777-7611	Mr. Charles G. Newton Coordinator of Federal-State Relations Capitol Building Cheyenne, Wyoming 82001 (307) 777-7611
American Samoa PPBS Coordinator Office of the Governor Pago Pago, American Samoa 96920	Same
District of Columbia Mr. Comer S. Coppie Budget Officer Division of Budgeting & Program Analysis Office of Budget & Executive Management Government of the District of Columbia Washington, D.C. 20004 (202) 629-3823	Same

STATE CLEARINGHOUSE (A-95)	STATE CENTRAL INFORMATION RECEPTION AGENCY (A-98)
Guam	Honorable Carols G. Camacho Governor of Guam Agana, Guam 96910
Puerto Rico Federal Programs Unit Puerto Rico Planning Board P. O. Box 9447 San Turce, Puerto Rico 00908	
Virgin Islands	Honorable Melvin H. Evans Governor of the Virgin Islands St. Thomas, Virgin Islands 00801 (809) 774-0001

ENVIRONMENTAL PROTECTION AGENCY

PART 1 - GENERAL

CHAPTER 5 - COSTS

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MANUAL

GRANTS
ADMINISTRATION

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Appendix 5-A. OMB Circular No. A-21.

Appendix 5-B. OMB Circular No. A-88 and Transmittal Memorandum No. 1

Appendix 5-C. OMB Circular No. A-87 and Transmittal Memorandum No. 1

Appendix 5-D. Federal Procurement Regulations, Subpart 1-15.2

1. PRINCIPLES FOR DETERMINING DIRECT AND INDIRECT COSTS. Except as otherwise provided by statute, allocation and allowability of costs will be governed by the following:

a. Grants to Educational Institutions.

(1) OMB Circular No. A-21 (Revised), Principles for determining costs applicable to research and development and educational services under grants and contracts with educational istitutions. (See Appendix 5-A.)

(2) OMB Circular No. A-88 and Transmittal Memorandum No. 1, Policies for coordinating the determination of indirect cost rates and auditing in connection with grants and contracts with educational institutions. (See Appendix 5-B.)

b. Grants to State and Local Governments. OMB Circular No. A-87, and Transmittal Memorandum No. 1, Principles for determining costs applicable to grants and contracts with State and local governments. (See Appendix 5-C.)

c. Commercial Organizations and Nonprofit Institutions. Federal Procurement Regulations, Chapter 1, Subpart 1-15.2, reimbursement type supply and research contracts with commercial organizations, are interpreted to include grants to commercial organizations and non-profit institutions. (See Appendix 5-D).

d. Foreign Grants. Only direct costs are allowable.

2. COST SHARING.

a. Cost sharing is mandatory for all projects for which EPA grants are awarded. There must be a contribution by the grantee of no less than five percent of the allowable actual project costs, except as otherwise required by statute. In the case of grants for wastewater treatment works, contributions in the form of supplemental grants by other Federal agencies or contributions by State agencies may be used to reduce the grantee's contributions.

b. In addition to direct and in-kind contributions, the grantee's cost share may include allowable indirect costs.

c. Cost sharing proposals will be evaluated and negotiated on a case-by-case basis. However, determination as to adequacy of cost participation may be made on a total institutional basis subject to the requirement that some degree of cost sharing by the grantee is required for each individual grant. Institutions are, therefore, encouraged to submit for consideration an overall plan for cost sharing including all of the institution's grants from EPA, current or anticipated. The grantee's available financial resources, prior cost sharing, and other factors may be considered in evaluating such plans. Variations in actual expenditures will be permissible provided they are consistent with the overall plan.

d. Each grantee must maintain records to support his actual cost sharing contribution of an amount which is not less, in proportion to the actual charges against the grant, than the total amount proposed in the application, or any subsequent revision thereof, approved by the EPA official approving the project. (See Chapter 7, Accounting, Records Retention and Audits).

3. NON-FEDERAL MATCHING SHARE. Matching share represents the portion of project costs which is not borne by the Federal government. Matching share may consist of cash contribution, in-kind contribution or both by the grantee or other public or private institutions, organizations or individuals. Only when specifically authorized by law, expenditures incurred with Federal funds or the value of property purchased with Federal funds may be considered a part of the matching share.

a. Factors Affecting the Allowability of Matching Share. To be allowable under a grant program, the non-Federal matching share must meet the following criteria:

(1) Be identifiable from the grantee's records as a non-Federal contribution.

(2) Be authorized or not prohibited under State or local laws or regulations.

(3) Conform to any limitation or exclusions set forth in Federal laws or other governing regulations as to types or values of matching funds.

(4) Not be included as a matching share on any other Federally assisted program.

(5) Be acceptable types of cost as set forth in OMB Circulars No. A-87 and No. A-21 and FPR 1-15.2.

(6) Be proposed in the budget estimates as necessary and reasonable for proper and efficient accomplishment of project objectives.

b. Donations of Services and Items. Donations of the grantee, other than cash, fall into the following categories:

(1) Facilities used for the grant project, such as office space, classrooms, warehouses, laboratories, clinics, and land.

(2) Equipment used by the grant project, such as office machines, teaching aids, production machinery, surgical and x-ray equipment.

(3) Materials used in the grant project, such as office supplies, maintenance supplies or workshop and classroom supplies.

(4) Personal services furnished by (a) professional and technical personnel, (b) consultant services and (c) skilled and unskilled labor.

(5) Such other contributions as may be appropriate.

c. Valuation of In-Kind Contributions.

(1) From Grantees.

(a) Grantees may use equipment and real property which is owned by them, as in-kind contributions, unless otherwise specified by legislation, if the property used was not donated by the Federal Government or purchased with Federal funds.

(b) The cost of the equipment to be charged to the project must be based on the objectives of the project.

1 If the objectives are to acquire property or

construct facilities, then the total property value may be charged to the project provided that EPA has approved such charges.

2 If the objectives of the project are to support an activity or function, then depreciation or use charges may be made to the project, either as direct or indirect costs, in accordance with paragraph 1, Principles for Determining Direct and Indirect Costs.

(2) From Public Agencies, Organizations and Institutions, Other than the Grantee. Necessary and reasonable costs incurred or paid by State and local governments in behalf of the grantee for services, equipment, supplies or real property may be considered as in-kind contributions, provided that such costs are directly related to the grant project and are computed in accordance with the appropriate directives cited in paragraph 1.

(3) From Private Institutions, Organizations, and Individuals.

(a) Valuation of Volunteered Services. Each hour of volunteered service may be counted as non-Federal share if the service is an integral and necessary part of the approved project. The grantee must show in his budget proposal that the in-kind services will make a meaningful and desirable contribution to the program. The volunteer must possess the required qualifications in the skill or profession and he must actually perform that specific work. Rates for volunteer services should be consistent with those paid for similar work in other activities of the State or local government of in the labor market in which the grantee competes for the kinds of services involved. When an employer furnishes the services of an employee, these services may be valued at the employee's regular rate of pay (exclusive of fringe benefits and overhead cost) provided these services are in the same skill for which the employee is normally paid.

(b) Valuation of Materials. Prices assessed to donated materials included in the non-Federal share of the grant proposal should be reasonable and must not exceed current market values at the time they are charged to the project.

(c) Valuation of Donated Equipment, Building and Land, or Use of Space.

1 The method used for charging matching share for donated equipment, building, and land may differ depending upon the purpose of the grant as follows:

a If the purpose of the grant is to furnish equipment, building, or land to the grantee or otherwise provide a facility, the total values of the donated property may be claimed as a matching share.

b If the purpose of the project is to support activities and requires the use of equipment, buildings or land on a temporary or part-time basis, depreciation or use charges for equipment and buildings may be made in accordance with the appropriate directives cited in paragraph 1; and fair rental charges for land may be made provided that the grantor agency has approved the charges.

2 The value of the property, from which the total charges, depreciation, and usage or rental charges are to be determined, should be based on the following:

a Equipment and Building. The value of donated equipment or building should be based on the donor's cost less depreciation or the current market prices of similar type of property, whichever is less.

b Land or Use of Space. The value of donated land or use of space therein should be established by an independent appraiser (i.e., private realty firm or GSA representatives) and certified by the grantee.

(d) Valuation of Other Charges. Other necessary charges incurred specifically for and in direct benefit to the grant program in behalf of the grantee may be accepted as matching share provided that they are adequately supported and permissible under the law. Such charges must be reasonable and properly justifiable.

d. Record Maintenance for Contributions.

(1) Total project costs, identifying the Federal share and matching share, should be adequately documented and will be subject to audit.

(a) The program costs incurred by the grantee and financed by Federal money or grantee funds, matching share, will be accounted for and charged to the program in accordance with paragraph 1, Principles for Determining Direct and Indirect Costs.

(b) Cash contributions by outside organizations to the grantee may be part of the matching share when such are not prohibited by program legislation. Cash contributions must be adequately documented and expenditures of the cash should be charged to the project in accordance with paragraph 1.

(2) Time and attendance records must be kept of services performed by personnel and claimed as non-Federal share. (See Chapter 7, Accounting, Records Retention and Audits).

(3) Volunteered services claimed as non-Federal share must be substantiated by the same methods required for all other employees of the grantee. Such records must show the actual hours worked and the specific duties performed. They should also indicate the basis for determining the rate of the volunteer's contribution.

(4) Records showing the rationale for determining the value of personal services, land, material, facilities, and equipment included in the non-Federal share must be kept and made available upon request. Failure to adequately document and substantiate any cost will be reason to exclude that amount from the non-Federal share.

4. COST NEGOTIATION.

a. Negotiated Overhead Rates.

(1) The Cost Review and Policy Branch, Contracts Management Division, will provide the Grants Administration Division with established overhead rates necessary for the determination of indirect costs for research, demonstration, training and planning grants prior to funding, for transmittal to the appropriate program office.

(2) If a rate has not been established, AMAG will transmit a copy of the data provided by the grantee to the Cost Review and Policy Branch, Contracts Management Division, to make the necessary analyses and negotiate a rate. AMAG will be advised of the acceptable rate when it has been negotiated with the grantee.

(3) The Cost Review and Policy Branch, Contracts Management Division, also negotiates final overhead rates with contractors after the completion of each fiscal year. These rates will also be made available to the grant programs in those cases where provisional overhead rates were used.

b. Cost Analysis of Grant Application.

(1) All research, demonstration, training and planning grants applications of $100,000 or more in any budget period, will be sent by the Grants Administration Division to the Cost Review and Policy Branch, Contracts Management Division, for a cost analysis prior to award. In those cases where AMAG or the pertinent program office considers it appropriate, grant proposals under $100,000 may also be sent by AMAG to the Cost Review and Policy Branch for cost analysis.

(2) All grant applications from profit making organizations must be submitted for cost analysis as set forth in subparagraph (1).

(3) Program offices may request a cost analysis on applications for other types of grants through AMAG.

(4) The Cost Review and Policy Branch will prepare a written cost report and transmit two copies directly to AMAG. Normally, three to four weeks should be allowed for the cost analysis.

c. Cost Analysis of Proposed Contracts of Grantees--Research, Demonstration and Training.

(1) All proposed contracts of a grantee for $25,000 or more which are to be financed to any degree with grant funds must be submitted by the Project Officer to AMAG for forwarding to the Cost Review and Policy Branch for a cost analysis prior to execution of the contract.

(2) Three copies of the cost report will be prepared by the Cost Review and Policy Branch and sent to GAD.

(3) Copies of the cost analysis report should be made available to the grantee. Since contracts often constitute a major part of the total grant costs, and since they are generally awarded on a "for profit" basis, Project Officer shall negotiate with the grantee to correct any deficiences noted in the report, prior to awarding the contract.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 2, 1970

CIRCULAR NO. A-21
Revised

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Principles for determining costs applicable to research and development and educational services under grants and contracts with educational institutions

1. Purpose. This Circular promulgates the two revised attachments containing principles for determining costs applicable to grants and contracts with educational institutions. The attachments are:

Attachment A - Principles for Determining Costs Applicable to Research and Development under Grants and Contracts with Educational Institutions

Attachment B - Principles for Determining Costs Applicable to Training and Other Educational Services under Grants and Contracts with Educational Institutions

Prior issuances of Circular No. A-21 are rescinded and superseded in their entirety by this revision.

2. Changes. In general, the changes are intended to clarify and refine the methods used in identifying, classifying, and distributing indirect costs, and to provide more definitive standards concerning the allowability of costs, both direct and indirect, applicable to Government grants and contracts with educational institutions.

3. Additional copies. Additional copies of this Circular may be obtained by sending requisitions directly to the

Government Printing Office. These requisitions should be placed not later than October 1, 1970, in order that the total requirements of all agencies may be printed at the same time.

4. Effective date. The revised principles will be applied at the earliest practicable date.

GEORGE P. SHULTZ
Director

Attachments - 2

(No. A-21)

ATTACHMENT A
Circular No. A-21
Revised

PRINCIPLES FOR DETERMINING COSTS APPLICABLE TO RESEARCH AND DEVELOPMENT UNDER GRANTS AND CONTRACTS WITH EDUCATIONAL INSTITUTIONS

Executive Office of the President
Office of Management and Budget
September 2, 1970

ATTACHMENT A
Circular No. A-21
Revised

PRINCIPLES FOR DETERMINING COSTS APPLICABLE TO RESEARCH AND DEVELOPMENT UNDER GRANTS AND CONTRACTS WITH EDUCATIONAL INSTITUTIONS

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ATTACHMENT A
Circular No. A-21
Revised

PRINCIPLES FOR DETERMINING COSTS APPLICABLE TO RESEARCH AND DEVELOPMENT UNDER GRANTS AND CONTRACTS WITH EDUCATIONAL INSTITUTIONS

A. Purpose and scope.

1. Objectives. This Circular provides principles for determining the costs applicable to research and development work performed by educational institutions under grants from and contracts with the Federal Government. These principles are confined to the subject of cost determination and make no attempt to identify the circumstances or dictate the extent of agency and institutional participation in the financing of a particular research or development project. The principles are designed to provide recognition of the full allocated costs of such research work under generally accepted accounting principles. No provision for profit or other increment above cost is intended.

2. Policy guides. The successful application of these principles requires development of mutual understanding between representatives of universities and of the Federal Government as to their scope, implementation, and interpretation. It is recognized that--

a. The arrangements for agency and institutional participation in the financing of a research and development project are properly subject to negotiation between the agency and the institution concerned in accordance with such Government-wide criteria as may be applicable.

b. Each college and university, possessing its own unique combination of staff, facilities and experience, should be encouraged to conduct research in a manner consonant with its own academic philosophies and institutional objectives.

c. Each institution, in the fulfillment of its obligations, should employ sound management practices.

d. The application of the principles established herein should require no significant changes in the generally accepted accounting practices of colleges and universities.

e. Cognizant Federal agencies involved in negotiating indirect cost rates and auditing should assure that institutions are generally applying the cost principles and standards herein provided on a consistent basis. Where wide variations exist in the treatment of a given cost item among institutions, the reasonableness and equitableness of such treatments should be fully considered during the rate negotiations and audit.

3. Application. All Federal agencies that sponsor research and development work at educational institutions should apply these principles and related policy guides in determining the costs incurred for such work under any type of research and development agreement. These principles should also be used as a guide in the pricing of fixed price contracts or lump sum agreements.

B. Definition of terms.

1. Organized research means all research activities of an institution that are separately budgeted and accounted for.

2. Departmental research means research activities that are not separately budgeted and accounted for. Such research work, which includes all research activities not encompassed under the term organized research, is regarded for purposes of this document as a part of the instructional activities of the institution.

3. Research agreement means any valid arrangement to perform federally sponsored research, including grants, cost-reimbursement type contracts, cost-reimbursement type subcontracts, and fixed-price contracts and subcontracts for research.

4. Other institutional activities means all organized activities of an institution not directly related to the instruction and research functions, such as residence halls, dining halls, student hospitals, student unions, intercollegiate athletics, bookstores, faculty housing, student apartments, guest houses, chapels, theaters, public museums, and other similar activities or auxiliary enterprises. Also included under this definition is any other category of cost treated as "unallowable," provided such category of cost identifies a function or activity to which a portion of

the institution's indirect costs (as defined in section E.1.) are properly allocable.

5. Apportionment means the process by which the indirect costs of the institution are assigned as between (a) instruction and research, and (b) other institutional activities.

6. Allocation means the process by which the indirect costs apportioned to instruction and research are assigned as between (a [illegible] organized research, and (b) instruction, including depa[illegible]ental research.

7. Stipulated salary support is a fixed or a stated dollar amount of the salary of professorial or other professional staff involved in the conduct of research which a Government agency agrees in advance to reimburse an educational institution as a part of sponsored research costs.

C. Basic considerations.

1. Composition of total costs. The cost of a research agreement is comprised of the allowable direct costs incident to its performance, plus the allocable portion of the allowable indirect costs of the institution, less applicable credits as described in section C.5.

2. Factors affecting allowability of costs. The tests of allowability of costs under these principles are: (a) they must be reasonable; (b) they must be allocable to research agreements under the standards and methods provided herein; (c) they must be accorded consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances; and (d) they must conform to any limitations or exclusions set forth in these principles or in the research agreement as to types or amounts of cost items.

3. Reasonable costs. A cost may be considered reasonable if the nature of the goods or services acquired or applied, and the amount involved therefor, reflect the action that a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made. Major considerations involved in the determination of the reasonableness of a cost are: (a) whether or not the cost is of a type generally recognized as necessary for

the operation of the institution or the performance of the research agreement; (b) the restraints or requirements imposed by such factors as arm's-length bargaining, Federal and State laws and regulations, and research agreement terms and conditions; (c) whether or not the individuals concerned acted with due prudence in the circumstances, considering their responsibilities to the institution, its employees, its students, the Government, and the public at large; and (d) the extent to which the actions taken with respect to the incurrence of the cost are consistent with established institutional policies and practices applicable to the work of the institution generally, including Government research.

4. Allocable costs.

a. A cost is allocable to a particular cost objective (i.e., a specific function, project, research agreement, department, or the like) if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received or other equitable relationship. Subject to the foregoing, a cost is allocable to a research agreement if it is incurred solely to advance the work under the research agreement; or it benefits both the research agreement and other work of the institution in proportions that can be approximated through use of reasonable methods; or it is necessary to the overall operation of the institution and, in the light of the standards provided in this Circular, is deemed to be assignable in part to organized research. Where the purchase of equipment or other capital items is specifically authorized under a research agreement, the amounts thus authorized for such purchases are allocable to the research agreement regardless of the use that may subsequently be made of the equipment or other capital items involved.

b. Any costs allocable to a particular research agreement under the standards provided in this Circular may not be shifted to other research agreements in order to meet deficiencies caused by overruns or other fund considerations, to avoid restrictions imposed by law or by terms of the research agreement, or for other reasons of convenience.

5. Applicable credits.

a. The term applicable credits refers to those receipt or negative expenditure types of transactions which operate to offset or reduce expense items that are allocable to research agreements as direct or indirect costs. Typical examples of such transactions are: purchase discounts, rebates, or allowances; recoveries or indemnities on losses; sales of scrap or incidental services; and adjustments of overpayments or erroneous charges.

b. In some instances, the amounts received from the Federal Government to finance institutional activities or service operations should be treated as applicable credits. Specifically, the concept of netting such credit items against related expenditures should be applied by the institution in determining the rates or amounts to be charged to Government research for services rendered whenever the facilities or other resources used in providing such services have been financed directly, in whole or in part, by Federal funds. (See sections F.6., J.10.b., and J.37. for areas of potential application in the matter of direct Federal financing.)

6. Costs incurred by State and local governments. Costs incurred or paid by State or local governments in behalf of educational institutions for certain personnel benefit programs such as pension plans, FICA and any other costs specifically disbursed in behalf of and in direct benefit to the institutions, are allowable costs of such institutions whether or not these costs are recorded in the accounting records of such institutions, subject to the following:

a. Such costs meet the requirements of sections C.1. through C.5.

b. Such costs are properly supported by cost allocation plans in accordance with Office of Management and Budget Circular No. A-87.

c. Such costs are not otherwise borne directly or indirectly by the Federal Government.

D. Direct costs.

1. General. Direct costs are those costs which can be identified specifically with a particular research project, an instructional activity or any other institutional activity or which can be directly assigned to such activities relatively easily with a high degree of accuracy.

2. Application to research agreements. Identifiable benefit to the research work rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect costs of research agreements. Typical transactions chargeable to a research agreement as direct costs are the compensation of employees for performance of work under the research agreement, including related staff benefit and pension plan costs to the extent that such items are consistently treated by the educational institution as direct rather than indirect costs; the costs of materials consumed or expended in the performance of such work; and other items of expense incurred for the research agreement, including extraordinary utility consumption. The cost of materials supplied from stock or services rendered by specialized facilities or other institutional service operations may be included as direct costs of research agreements provided such items are consistently treated by the institution as direct rather than indirect costs and are charged under a recognized method of costing or pricing designed to recover only actual costs and conforming to generally accepted cost accounting practices consistently followed by the institution.

E. Indirect costs.

1. General. Indirect costs are those that have been incurred for common or joint objectives and therefore cannot be identified specifically with a particular research project, an instructional activity or any other institutional activity. At educational institutions such costs normally are classified under the following functional categories: general administration and general expenses; research administration expenses; operation and maintenance expenses; library expenses; and departmental administration expenses.

2. Criteria for distribution.

a. Base period. A base period for distribution of indirect costs is the period during which such costs are incurred and accumulated for distribution to work performed within that period. The base period normally should coincide with the fiscal year established by the institution, but in any event the base period should be so selected as to avoid inequities in the distribution of costs.

b. Need for cost groupings. The overall objective of the allocation and apportionment process is to distribute the indirect costs described in section F to organized research, instruction, and other activities in reasonable proportions consistent with the nature and extent of the use of the institution's resources by research personnel, academic staff, students, and other personnel or organizations. In order to achieve this objective, it may be necessary to provide for selective distribution by establishing separate groupings of cost within one or more of the functional categories of indirect costs referred to in section E.1. In general, the cost groupings established within a functional category should constitute, in each case, a pool of those items of expense that are considered to be of like character in terms of their relative contribution to (or degree of remoteness from) the particular cost objectives to which distribution is appropriate. Cost groupings should be established considering the general guides provided in c. below. Each such pool or cost grouping should then be distributed individually to the appertaining cost objectives, using the distribution base or method most appropriate in the light of the guides set out in d. below.

c. General considerations on cost groupings. The extent to which separate cost groupings and selective distribution would be appropriate at an institution is a matter of judgment to be determined on a case-by-case basis. Typical situations which may warrant the establishment of two or more separate cost groups (based on account classification or analysis) within a functional category include but are not limited to the following:

(1) Where certain items or categories of expense relate solely to one of the three major divisions of the institution (instruction, organized research or other institutional activities) or to any two but not the third, such expenses should be set aside as a separate cost grouping for direct assignment or selective distribution in accordance with the guides provided in b. above and d. below.

(2) Where any types of expense ordinarily treated as general administration and general expenses or departmental administration expenses are charged to research agreements as direct costs, the similar type expenses applicable to other activities of the institution must, through separate cost groupings, be excluded from the indirect costs allocable to those research agreements and included in the direct cost of other activities for cost allocation purposes.

(3) Where it is determined that certain expenses are for the support of a service unit or facility whose output is susceptible of measurement on a workload or other quantitative basis, such expenses should be set aside as a separate cost grouping for distribution on such basis to organized research and other activities at the institution or within the department.

(4) Where organized activities (including identifiable segments of organized research as well as the activities cited in section B.4.) provide their own purchasing, personnel administration, building maintenance or similar service, the distribution of general administration and general expenses or operation and maintenance expenses to such activities should be accomplished through cost groupings which include only that portion of central indirect costs (such as for overall management) which are properly allocable to such activities.

(5) Where the institution elects to treat as indirect charges the cost of the pension plan and other staff benefits, such costs should be set aside as a separate cost grouping for selective distribution to appertaining cost objectives, including organized research.

(6) The number of separate cost groupings within a functional category should be held within practical

limits, after taking into consideration the materiality of the amounts involved and the degree of precision attainable through less selective methods of distribution.

d. Selection of distribution method.

(1) Actual conditions must be taken into account in selecting the method or base to be used in distributing to applicable cost objectives the expenses assembled under each of the individual cost groupings established as indicated under b. above. Where a distribution can be made by assignment of a cost grouping directly to the area benefited, the distribution should be made in that manner. Where the expenses under a cost grouping are more general in nature, the distribution to appertaining cost objectives should be made through use of a selected base which will produce results that are equitable to both the Government and the institution. In general, any cost element or cost-related factor associated with the institution's work is potentially adaptable for use as a distribution base provided (a) it can readily be expressed in terms of dollars or other quantitative measure (total direct expenditures, direct salaries, man-hours applied, square feet utilized, hours of usage, number of documents processed, population served, and the like); and (b) it is common to the appertaining cost objectives during the base period.

(2) Results of cost analysis studies may be used when they result in more accurate and equitable distribution of costs. Such cost analysis studies may take into consideration weighting factors, population, or space occupied if they produce equitable results. Cost analysis studies, however, should (a) be appropriately documented in sufficient detail for subsequent review by the cognizant Federal agency, (b) distribute the indirect costs to the appertaining cost objectives in accord with the relative benefits derived, (c) be conducted to fairly reflect the true conditions of the activity and to cover representative transactions for a reasonable period of time, (d) be performed specifically at the institution at which the results are to be used, and (e) be updated periodically and used consistently. Any assumptions made in the study will be sufficiently supported. The use of cost analysis studies and periodic changes in the method of cost distribution must be fully justified.

(3) The essential consideration in selection of the distribution base in each instance is that it be the one best suited for assigning the pool of costs to appertaining cost objectives in accord with the relative benefits derived; the traceable cause and effect relationship; or logic and reason, where neither benefit nor cause and effect relationship is determinable.

3. Administration of limitations on allowances for research costs. Research agreements may be subject to statutory or administrative policies that limit the allowance of research costs. When the maximum amount allowable under a statutory limitation or the terms of a research agreement is less than the amount otherwise reimbursable under this Circular, the amount not recoverable under that research agreement may not be charged to other research agreements.

F. Identification and assignment of indirect costs.

1. General administration and general expenses.

a. The expenses under this heading are those that have been incurred for the general executive and administrative offices of educational institutions and other expenses of a general character which do not relate solely to any major division of the institution; i.e., solely to (1) instruction, (2) organized research, or (3) other institutional activities. The general administration and general expense category should also include the staff benefit and pension plan costs applicable to the salaries and wages included therein, an appropriate share of the costs of the operation and maintenance of the physical plant, and charges representing use allowances and/or depreciation applicable to the buildings and equipment utilized in performing the functions represented thereunder.

b. The expenses included in this category may be apportioned and allocated on the basis of total expenditures exclusive of capital expenditures in situations where the results of the distribution made on this basis are deemed to be equitable both to the Government and the institution; otherwise the distribution of general administration and general expenses should be made through use of selected bases applied to separate cost groupings established within this category of expenses in accordance with the guides set out in section E.2.d.

2. Research administration expenses.

a. The expenses under this heading are those that have been incurred by a separate organization or identifiable administrative unit established solely to administer the research activity, including such functions as contract administration, security, purchasing, personnel administration, and editing and publishing of research reports. They include the salaries and expenses of the head of such research organization, his assistants, and their immediate secretarial staff together with the salaries and expenses of personnel engaged in supporting activities maintained by the research organization, such as stock rooms, stenographic pools, and the like. The salaries of members of the professional staff whose appointments or assignments involve the performance of such administrative work may also be included to the extent that the portion so charged to research administration is supported as required by section J.7. The research administration expense category should also include the staff benefit and pension plan costs applicable to the salaries and wages included therein, an appropriate share of the costs of the operation and maintenance of the physical plant, and charges representing use allowance and/or depreciation applicable to the buildings and equipment utilized in performing the functions represented thereunder.

b. The expenses included in this category should be allocated to organized research and, where necessary, to departmental research or to any other benefiting activities on any basis reflecting the proportion fairly applicable to each. (See section E.2.d.)

3. Operation and maintenance expenses.

a. The expenses under this heading are those that have been incurred by a central service organization or at the departmental level for the administration, supervision, operation, maintenance, preservation, and protection of the institution's physical plant. They include expenses normally incurred for such items as janitorial and utility services; repairs and ordinary or normal alterations of buildings, furniture and equipment; and care of grounds and maintenance and operation of buildings and other plant facilities. The operation and maintenance expense category should also include the staff benefit and pension plan costs applicable to the salaries and wages included therein, and charges representing use allowance and/or depreciation applicable to the buildings and equipment utilized in performing the functions represented thereunder.

b. The expenses included in this category should be apportioned and allocated to applicable cost objectives in a manner consistent with the guides provided in section E.2. on a basis that gives primary emphasis to space utilization. The allocations and apportionments should be developed as follows: (1) where actual space and related cost records are available or can readily be developed and maintained without significant change in the accounting practices, the amount distributed should be based on such records; (2) where the space and related cost records maintained are not sufficient for purposes of the foregoing, a reasonable estimate of the proportion of total space assigned to the various cost objectives normally will suffice as a means for effecting distribution of the amounts of operation and maintenance expenses involved; or (3) where it can be demonstrated that an area or volume of space basis of allocation is impractical or inequitable, other bases may be used provided consideration is given to the use of facilities by research personnel and others, including students.

4. Library expenses.

a. The expenses under this heading are those that have been incurred for the operation of the library, including the costs of books and library materials purchased for the library, less any items of library income that qualify as applicable credits under section C.5. The library expense category should also include the staff benefit and pension plan costs applicable to the salaries and wages included therein, an appropriate share of the costs of the operation and maintenance of the physical plant, and charges representing use allowances and/or depreciation applicable to the buildings and equipment utilized in the performance of the functions represented thereunder. Costs incurred in the purchases of rare books (museum-type books) with no research value should not be allocated to Government-sponsored research.

b. The expenses included in this category should be allocated on the basis of population including students and other users. Where the results of the distribution made on this basis are deemed to be inequitable to the Government or the institution, the distribution should then be made on a selective basis in accordance with the guides set out in section E.2. Such selective distribution should be made through use of reasonable methods which give adequate recognition to the utilization of the library attributable to faculty, research personnel, students and others. The method used will be based on data developed periodically on the respective institution's experience for representative periods.

5. Departmental administration expenses.

a. The expenses under this heading are those that have been incurred in academic deans' offices, academic departments and organized research units such as institutes, study centers and research centers for administrative and supporting services which benefit common or joint departmental activities or objectives. They include the salaries and expenses of deans or heads, or associate deans or heads, of colleges, schools, departments, divisions, or organized research units, and their administrative staffs together with the salaries and expenses of personnel engaged in supporting activities maintained by the department, such as stockrooms, stenographic pools, and the like provided such supporting services cannot be directly identified with a specific research project, with an instructional activity or with any other institutional activity. The salaries of other members of the professional staff whose appointments or assignments involve the performance of such administrative work may also be included to the extent that the portion so charged to departmental administration expenses is supported as required by section J.7. The departmental administration expense category should also include the staff benefit and pension plan costs applicable to the salaries and wages included therein, an appropriate share of the costs of the operation and maintenance of the physical plant, and charges representing use allowances and/or depreciation applicable to the buildings and equipment utilized in performing the functions represented thereunder.

b. The distribution of departmental administration expenses should be made through use of selected bases applied to cost groupings established within this category of expenses in accordance with the guides set out in section E.2.d.

6. Setoff for indirect expenses otherwise provided for by the Government.

a. The items to be accumulated under this heading are the reimbursements and other receipts from the Federal Government which are used by the institution to support directly, in whole or in part, any of the administrative or service (indirect) activities described in the foregoing (sections F.1. through F.5.). They include any amounts thus applied to such activities which may have been received pursuant to an institutional base grant or any similar contractual arrangement with the Federal Government other than a research agreement as herein defined (section B.3.).

b. The sum of the items in this group shall be treated as a credit to the total indirect cost pool before it is apportioned to organized research and to other activities. Such setoff shall be made prior to the determination of the indirect cost rate or rates as provided in section G.

G. Determination and application of indirect cost rate or rates.

1. Indirect cost pools.

a. Subject to b. below, indirect costs allocated to organized research should be treated as a common pool, and the costs in such common pool should then be distributed to individual research agreements benefiting therefrom on a single rate basis.

b. In some instances a single rate basis for use across the board on all Government research at an institution may not be appropriate, since it would not take into account those different environmental factors which may affect substantially the indirect costs applicable to a particular segment of Government research at the institution. For this purpose, a particular segment of Government research may be that performed under a single research agreement or it may consist of research under a group of research agreements performed in a common environment. The environmental factors are not limited to the physical location of the work. Other important factors are the level of the administrative support required, the nature of the facilities or other resources employed, the scientific disciplines or technical skills involved, the organizational arrangments used, or any combination thereof. Where a particular segment of Government research is performed within an environment which appears to generate a significantly different level of indirect costs, provision should be made for a separate indirect cost pool applicable to such work. The separate indirect cost pool should be developed during the course of the regular distribution process, and the separate indirect cost rate resulting therefrom should be utilized provided it is determined that (1) such indirect cost rate differs significantly from that which would have obtained under a. above, and (2) the volume of research work to which such rate would apply is material in relation to other Government research at the institution.

2. The distribution base. Indirect costs allocated to organized research should be distributed to applicable research agreements on the basis of direct salaries and wages. For this purpose, an indirect cost rate should be determined for each of the separate indirect cost pools developed pursuant to section G.1. The rate in each case should be stated as the percentage which the amount of the particular indirect cost pool is of the total direct salaries and wages of all research agreements identified with such pool. For the purpose of establishing an indirect cost rate, direct salaries and wages may include that portion contributed to the research by the institution for cost sharing or other purposes. Bases other than salaries and wages may be used provided it can be demonstrated that they produce more equitable results.

3. Negotiated lump sum for indirect costs. A negotiated fixed amount in lieu of indirect costs may be appropriate for self-contained, off-campus, or primarily subcontracted research activities where the benefits derived from an institution's

indirect services cannot be readily determined. Such amount negotiated in lieu of indirect costs will be treated as an offset to total indirect expenses before apportionment to instruction, organized research, and other institutional activities. The base on which such remaining expenses are allocated should be appropriately adjusted.

4. Predetermined fixed rates for indirect costs. Public Law 87-638 (76 Stat. 437) authorizes the use of predetermined fixed rates in determining the indirect costs applicable under research agreements with educational institutions. The stated objectives of the law are to simplify the administration of cost-type research and development contracts (including grants) with educational institutions, to facilitate the preparation of their budgets, and to permit more expeditious closeout of such contracts when the work is completed. In view of the potential advantages offered by this procedure, consideration should be given to the negotiation of predetermined fixed rates for indirect costs in those situations where the cost experience and other pertinent facts available are deemed sufficient to enable the parties involved to reach an informed judgment as to the probable level of indirect costs during the ensuing accounting period.

5. Negotiated fixed rates and carryforward provisions. When a fixed rate is negotiated in advance for a fiscal year (or other time period), the over- or under-recovery for that year may be included as an adjustment to the indirect cost for the next rate negotiation. When the rate is negotiated before the carryforward adjustment is determined due to the delay in audit, the carryforward may be applied to the next subsequent rate negotiation. When such adjustments are to be made, each fixed rate negotiated in advance for a given period will be computed by applying the expected indirect costs allocable to Government research for the forecast period plus or minus the carryforward adjustment (over- or under-recovery) from the prior period, to the forecast distribution base. Unrecovered amounts under lump-sum agreements or cost-sharing provisions of prior years shall not be carried forward for consideration in the new rate negotiation. There must, however, be an advance understanding in each case between the institution and the cognizant Federal agency as to whether these differences will be considered in the rate negotiation rather than making the determination after the differences are known. Further, institutions electing to use this carryforward

provision may not subsequently change without prior approval of the cognizant Federal agency. In the event that an institution returns to a postdetermined rate, any over- or under-recovery during the period in which negotiated fixed rates and carryforward provisions were followed will be included in the subsequent postdetermined rates. Where multiple rates are used, the same procedure will be applicable for determining each rate. This procedure also applies to rates established for grants and contracts for training and other educational services, but does not apply to cost-type research agreements covering work performed in wholly or partially Government-owned facilities.

H. Simplified method for small institutions.

1. General.

a. Where the total direct cost of all federally supported work under research and educational service agreements at an institution does not exceed $1,000,000 in a fiscal year (excluding direct payments by the institution to participants under educational service agreements for stipends, support, and similar costs requiring little, if any, indirect cost support), the use of the abbreviated procedure described in 2., below, may be used in determining allowable indirect costs. Under this abbreviated procedure, the institution's most recent annual financial report and immediately available supporting information, with salaries and wages segregated from other costs, will be utilized as a basis for determining the indirect cost rate applicable both to federally supported research and educational service agreements.

b. The rigid formula approach provided under this abbreviated procedure should not be used where it produces results which appear inequitable to the Government or the institution. In any such case, indirect costs should be determined through use of the regular procedure.

2. Abbreviated procedure.

a. Establish the total amount of salaries and wages paid to all employees of the institution.

b. Establish an indirect cost pool consisting of the expenditures (exclusive of capital items and other costs specifically identified as unallowable) which customarily are classified under the following titles or their equivalents:

(1) General administration and general expenses (exclusive of costs of student administration and services, student aid, student activities, and scholarships).

(2) Operation and maintenance of physical plant.

(3) Library.

(4) Department administration expenses, which will be computed as 20% of the salaries and expenses of deans and heads of departments.

In those cases where expenditures classified under 2.b.(1) and 2.b.(2) have previously been allocated to other institutional activities, they may be included in the indirect cost pool. The total amount of salaries and wages included in the indirect cost pool must be separately identified.

c. Establish a salary and wage distribution base, determined by deducting from the total of salaries and wages as established under 2.a. the amount of salaries and wages included under 2.b.

d. Establish the indirect cost rate, determined by dividing the amount in the indirect cost pool 2.b. by the amount of the distribution base 2.c.

e. Apply the indirect cost rate established to direct salaries and wages for individual agreements to determine the amount of indirect costs allocable to such agreements.

J. General standards for selected items of cost.

Sections J.1. through J.46. provide standards to be applied in establishing the allowability of certain items involved in determining cost. These standards should apply irrespective of whether a particular item of cost is properly treated as direct cost or indirect cost. Failure to mention a particular item of cost in the standards is not intended to imply that it is either allowable or unallowable; rather determination as to allowability in each case should be based on the treatment or standards provided for similar or related items of cost. In case of discrepancy between the provisions of a specific research agreement and the applicable standards provided, the provisions of the research agreement should govern.

1. Advertising costs. The term advertising costs means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television programs, direct mail, exhibits, and the like. The only advertising costs allowable are those which are solely for (a) the recruitment of personnel required for the performance by the institution of obligations arising under the research agreement, when considered in conjunction with all other recruitment costs, as set forth in J.32.; (b) the procurement of scarce items for the performance of the research agreement; or (c) the disposal of scrap or surplus materials acquired in the performance of the research agreement. Costs of this nature, if incurred for more than one research agreement or for both research agreement work and other work of the institution, are allowable to the extent that the principles in sections D and E are observed.

2. Bad debts. Any losses, whether actual or estimated arising from uncollectible accounts and other claims, related collections costs, and related legal costs, are unallowable.

3. Capital expenditures. The costs of equipment, buildings, and repairs which materially increase the value or useful life of buildings or equipment, are unallowable except as provided for in the research agreement. Government funds shall not be used for the acquisition of land, or any interest therein, except with the specific prior approval of the sponsoring agency.

4. Civil defense costs. Civil defense costs are those incurred in planning for, and the protection of life and property against, the possible effects of enemy attack. Reasonable costs of civil defense measures (including costs in excess of normal plant protection costs, first-aid training and supplies, fire-fighting training, posting of additional exit notices and directions, and other approved civil defense measures) undertaken on the institution's premises pursuant to suggestions or requirements of civil defense authorities are allowable when distributed to all activities of the

institution. Capital expenditures for civil defense purposes will not be allowed, but a use allowance or depreciation may be permitted in accordance with provisions set forth in section J.10. Costs of local civil defense projects not on the institution's premises are unallowable.

5. Commencement and convocation costs. Costs incurred for commencements and convocations apply only to instruction and therefore are not allocable to research agreements, either as direct costs or indirect costs.

6. Communication costs. Costs incurred for telephone services, local and long distance telephone calls, telegrams, radiograms, postage and the like, are allowable.

7. Compensation for personal services.

a. General. Compensation for personal services covers all remuneration paid currently or accrued to the institution for services of employees rendered during the period of performance under Government research agreements. Such remuneration includes salaries, wages, staff benefits (see section J.39.), and pension plan costs (see section J.23.). The costs of such remuneration are allowable to the extent that the total compensation to individual employees is reasonable for the services rendered and conforms to the established policy of the institution consistently applied, and provided that the charges for work performed directly on Government research agreements and for other work allocable as indirect costs to organized research are determined and supported as hereinafter provided.

b. Payroll distribution. Amounts charged to organized research for personal services, except stipulated salary support, regardless of whether treated as direct costs or allocated as indirect costs, will be based on institutional payrolls which have been approved and documented in accordance with generally accepted institutional practices. Support for direct and indirect allocations of personal service costs to (1) instruction, (2) organized research, and (3) indirect activities as defined in section E.1., or (4) other institutional activities as defined in section B.4., will be provided as described in c., d., e., and f., below.

c. Stipulated salary support. As an alternative to payroll distribution, stipulated salary support amounts may be provided in the research agreement for professorial staff, any part of whose compensation is chargeable to Government-sponsored research. Stipulated salary support may also be provided for any other professionals who are engaged part time in sponsored research and part time in other work. The stipulated salary support for an individual will be determined by the Government and the educational institution during the proposal and award process on the basis of considered judgment as to the monetary value of the contribution which the individual is expected to make to the research project. This judgment will take into account any cost sharing by the institution and such other factors as the extent of the investigator's planned participation in the project and his ability to perform as planned in the light of his other commitments. It will be necessary for those who review research proposals to obtain information on the total academic year salary of the faculty members involved; the other research projects or proposals for which salary is allocated; and any other duties they may have such as teaching assignments, administrative assignments, number of graduate students for which they are responsible, or other institutional activities. Stipulated amounts for an individual must not per se result in increasing his official salary from the institution.

d. Direct charges for personal services under payroll distribution. The direct cost charged to organized research for the personal services of professorial and professional staff, exclusive of those whose salaries are stipulated in the research agreement, will be based on institutional payroll systems. Such institutional payroll systems must be supported by either (1) an adequate appointment and workload distribution system accompanied by monthly reviews performed by responsible officials and a reporting of any significant changes in workload distribution of each professor or professional staff member, or (2) a monthly after-the-fact certification system which will require the individual investigators, deans, departmental chairmen or supervisors having first-hand knowledge of the services performed on each research agreement to report the distribution of effort. Reported changes will be incorporated during the accounting period into the payroll distribution system and into the accounting records. Direct charges for salaries and wages of nonprofessionals will be supported by time and attendance and payroll distribution records.

e. Direct charges for personal services under stipulated salaries. The amounts stipulated for salary support will be treated as direct costs. The stipulated salary for the academic year will be prorated equally over the duration of the grant or contract period during the academic year, unless other arrangements have been made in the grant or contract instrument. No time or effort reporting will be required to support these amounts. Special provision for summer salaries, or for a particular "off period" if other than summer, will be required. The research agreements will state that any research covered by summer salary support must be carried out during the summer, not during the academic year, and at locations approved in advance in writing by the granting agency. The certification required in section K will attest to this requirement as well as all others in a given research agreement. Stipulated salary support remains fixed during the funding period of the grant or contract and will be costed at the rate described above unless there is a significant change in performance. For example, a significant change in performance would exist if the faculty member (1) was ill for an extended period, (2) took sabbatical leave to devote effort to duties unrelated to his research, or (3) was required to increase substantially his teaching assignments, administrative duties, or responsibility for more research projects. In the latter event, it will be the responsibility of the educational institution to reduce the charges to the research agreement proportionately or seek an appropriate amendment. In the case of those covered by stipulated salary support, the auditors are no longer required to review the precise accuracy of time or effort devoted to research projects. Rather, their reviews should include steps to determine on a sample basis that an institution is not reimbursed for more than 100 percent of each faculty member's salary and that the portion of each faculty member's salary charged to Government-sponsored research is reasonable in view of his university workload and other commitments. The stipulated salary method may also be agreed upon for that portion of a professional's salary that represents cost sharing by the institution.

f. Indirect personal services costs. Allowable indirect personal services costs will be supported by the educational institution's accounting system maintained in accordance with generally accepted institutional practices. Where a comprehensive accounting system does not exist, the institution should make periodic surveys no less frequently than annually to support the indirect personal services costs for inclusion in the overhead pool. Such supporting documentation must be retained for subsequent review by Government officials.

g. General guidance for charging personal services. Budget estimates on a monthly, quarterly, semester, or yearly basis do not qualify as support for charges to federally sponsored research projects and should not be used unless confirmed after the fact. Charges to research agreements may include reasonable amounts for activities contributing and intimately related to work under the agreement, such as preparing and delivering special lectures about specific aspects of the ongoing research, writing research reports and articles, participating in appropriate research seminars, consulting with colleagues and graduate students with respect to related research, and attending appropriate scientific meetings and conferences. In no case should charges be made to federally sponsored research projects for lecturing or preparing for formal courses listed in the catalog and offered for degree credit, or for committee or administrative work related to university business.

h. Nonuniversity professional activities. A university must not alter or waive university-wide policies and practices dealing with the permissible extent of professional services over and above those traditionally performed without extra university compensation, unless such arrangements are specifically authorized by the sponsoring agency. Where university-wide policies do not adequately define the permissible extent of consultantships or other nonuniversity activities undertaken for extra pay, the Government may require that the effort of professional staff working under research agreements be allocated as between (1) university activities, and (2) nonuniversity professional activities. If the sponsoring agency should consider the extent of nonuniversity professional effort excessive, appropriate arrangements governing compensation will be negotiated on a case-by-case basis.

i. Salary rates for academic year. Charges for work performed on Government research by faculty members during the academic year will be based on the individual faculty member's regular compensation for the continuous period which, under the practice of the institution concerned, constitutes the basis of his salary. Charges for work performed on research agreements during all or any portion of such period would be allowable at the base salary rate. In no event will the charge to research agreements, irrespective of the basis of computation, exceed the proportionate share of the base salary for that period, and any extra compensation above the base salary for work on Government research during such period would be unallowable. This principle applies to all members of the faculty at an institution. Since intra-university consulting is assumed to be undertaken as a university obligation requiring no compensation in addition to full-time base salary, the principle also applies to those who function as consultants or otherwise contribute to a research agreement conducted by another faculty member of the same institution. However, in unusual cases where consultation is across departmental lines or involves a separate or remote operation, and the work performed by the consultant is in addition to his regular departmental load, any charges for such work representing extra compensation above the base salary are allowable provided such consulting arrangement is specifically provided for in the research agreement or approved in writing by the sponsoring agency.

j. Salary rates for periods outside the academic year. Charges for work performed by faculty members on Government research during the summer months or other periods not included in the base salary period will be determined for each faculty member at a monthly rate not in excess of that which would be applicable under his base salary and will be limited to charges made in accordance with other subsections of J.7.

k. Salary rates for part-time faculty. Charges for work performed on Government research by faculty members having only part-time appointments for teaching will be determined at a rate not in excess of that for which he is regularly paid for his part-time teaching assignments. Example: An institution pays $5,000 to a faculty member for half-time teaching during the academic year. He devoted one-half of his remaining time (25% of his total available time) to Government research. Thus his additional compensation, chargeable by the institution to Government research agreements, would be one-half of $5,000 or $2,500.

8. Contingency provisions. Contributions to a contingency reserve or any similar provision made for events the occurrence of which cannot be foretold with certainty as to time, intensity, or with an assurance of their happening, are unallowable.

9. Deans of faculty and graduate schools. The salaries and expenses of deans of faculty and graduate schools, or their equivalents, and their staffs, are allowable.

10. Depreciation and use allowances.

a. Institutions may be compensated for the use of buildings, capital improvements, and usable equipment on hand through use allowances or depreciation. Use allowances are the means of providing such compensation when depreciation or other equivalent costs are not considered. However, a combination of the two methods may not be used in connection with a single class of fixed assets.

b. Due consideration will be given to Government-furnished facilities utilized by the institution when computing use allowances and/or depreciation if the Government-furnished facilities are material in amount. Computation of the use allowance and/or depreciation will exclude both the cost or any portion of the cost of buildings and equipment borne by or donated by the Federal Government, irrespective of where title was originally vested or where it presently resides and, secondly, the cost of grounds. Capital expenditures for land improvements (paved areas, fences, streets, sidewalks, utility conduits and similar improvements not already included in the cost of buildings) are allowable provided the systematic amortization of such capital expenditures has been provided, based on reasonable determinations of the probable useful lives of the individual items involved, and the share allocated to organized research is developed from the amount thus amortized for the base period involved. Amortization methods once used should not be changed for a given building or equipment unless approved in advance by the cognizant Federal agency.

c. Where the use allowance method is followed, the use allowance for buildings and improvements will be computed at an annual rate not exceeding two percent of acquisition cost. The use allowance for equipment will be computed at an annual rate not exceeding six and two-thirds percent of acquisition cost of usable and needed equipment in those cases where the institution maintains current records with respect to such equipment on hand. Where the institution's records reflect only the cost (actual or estimated) of the original complement of equipment, the use allowance will be computed at an annual rate not exceeding ten percent of such cost. Original complement for this purpose means the complement of equipment initially placed in buildings to perform the functions currently being performed in such buildings; however, where a permanent change in the function of a building takes place, a redetermination of the original complement of equipment may be made at that time to establish a new original complement. In those cases where no equipment records are maintained, the institution will justify a reasonable estimate of the acquisition cost of usable and needed equipment which may be used to compute the use allowance at an annual rate not exceeding six and two-thirds percent of such estimate.

d. Where the depreciation method is followed, adequate property record must be maintained and periodic inventory (a statistical sampling basis is acceptable) must be taken to insure that properties for which depreciation is charged do exist and are needed. The period of useful service (service life) established in each case for usable capital assets must be determined on a realistic basis which takes into consideration such factors as type of construction, nature of the equipment used, technological developments in the particular research area, and the renewal and replacement policies followed for the individual items or classes of assets involved. Where the depreciation method is introduced for application to assets acquired in prior years, the annual charges therefrom must not exceed the amounts that would have resulted had the depreciation method been in effect from the date of acquisition of such assets.

e. Where an institution elects to go on a depreciation basis for a particular class of assets, no depreciation, rental or use charge may be allowed on any such assets that, under d. above, would be viewed as fully depreciated provided, however, that reasonable use charges may be negotiated for any such assets if warranted after taking into consideration the cost of the facility or item involved, the estimated useful life remaining at time of negotiation, the actual replacement policy followed in the light of service lives used for calculating depreciation, the effect of any increased maintenance charges or decreased efficiency due to age, and any other factors pertinent to the utilization of the facility or item for the purpose contemplated.

11. Employee morale, health, and welfare costs and credits. The costs of house publications, health or first-aid clinics and/or infirmaries, recreational activities, employees' counseling services, and other expenses incurred in accordance with the institution's established practice or custom for the improvement of working conditions, employer-employee relations, employee morale, and employee performance, are allowable. Such costs will be equitably apportioned to all activities of the institution. Income generated from any of these activities will be credited to the cost thereof unless such income has been irrevocably set over to employee welfare organizations.

12. Entertainment costs. Costs incurred for amusement, social activities, entertainment, and any items relating thereto, such as meals, lodging, rentals, transportation, and gratuities, are unallowable.

13. Equipment and other facilities. The cost of permanent equipment or other facilities are allowable where such purchases are approved by the sponsoring agency concerned or provided for by the terms of the research agreement. Total expenditures for permanent equipment may not exceed 125 percent of the amount allotted for the permanent equipment category by the sponsoring agency (through an approved budget or other document) except with approval. The term "permanent equipment" shall mean an item of property which has an acquisition cost of $200 or more and has an expected service life of one year or more.

a. General purpose equipment. Approval must be obtained to acquire with Government funds any general purpose permanent equipment, i.e., any items which are usable for activities of the institution other than research, such as office equipment and furnishings, air conditioning, reproduction or printing equipment, motor vehicles, etc., or any automatic data processing equipment.

b. Research equipment. Approval must be obtained to acquire with Government funds any item of permanent research equipment costing $1,000 or more.

14. Fines and penalties. Costs resulting from violations of, or failure of the institution to comply with, Federal, State, and local laws and regulations are unallowable except when incurred as a result of compliance with specific provisions of the research agreement, or instructions in writing from the contracting officer.

15. Insurance and indemnification.

a. Costs of insurance required or approved, and maintained, pursuant to the research agreement, are allowable.

b. Costs of other insurance maintained by the institution in connection with the general conduct of its activities, are allowable subject to the following limitations: (1) types and extent and cost of coverage must be in accordance with sound institutional practice; (2) costs of insurance or of any contributions to any reserve covering the risk of loss of or damage to Government-owned property are unallowable except to the extent that the Government has specifically required or approved such costs; and (3) costs of insurance on the lives of officers or trustees are unallowable except where such insurance is part of an employee plan which is not unduly restricted.

c. Contributions to a reserve for an approved self-insurance program are allowable to the extent that the types of coverage, extent of coverage, and the rates and premiums would have been allowed had insurance been purchased to cover the risks.

d. Actual losses which could have been covered by permissible insurance (through an approved self-insurance program or otherwise) are unallowable unless expressly provided for in the research agreement, except that costs incurred because of losses not covered under existing deductible clauses for insurance coverage provided in keeping with sound management practice as well as minor losses not covered by insurance, such as spoilage, breakage and disappearance of small hand tools, which occur in the ordinary course of operations, are allowable.

e. Indemnification includes securing the institution against liabilities to third persons and other losses not compensated by insurance or otherwise. The Government is obligated to indemnify the institution only to the extent expressly provided for in the research agreement, except as provided in d. above.

16. Interest, fund raising, and investment management costs.

a. Costs incurred for interest on borrowed capital or temporary use of endowment funds, however represented, are unallowable.

b. Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions, are not allowable under Government research agreements.

c. Costs of investment counsel and staff and similar expenses incurred solely to enhance income from investments are not allowable under Government research agreements.

d. Costs related to the physical custody and control of monies and securities are allowable.

17. Labor relations costs. Costs incurred in maintaining satisfactory relations between the institution and its employees, including costs of labor management committees, employees' publications, and other related activities, are allowable.

18. Losses on other research agreements or contracts. Any excess of costs over income under any other research agreement or contract of any nature is unallowable. This

includes, but is not limited to, the institution's contributed portion by reason of cost-sharing agreements or any under-recoveries through negotiation of flat amounts for indirect costs.

19. Maintenance and repair costs. Costs incurred for necessary maintenance, repair or upkeep of property (including Government property unless otherwise provided for) which neither add to the permanent value of the property nor appreciably prolong its intended life but keep it in an efficient operating condition, are allowable.

20. Material costs. Costs incurred for purchased materials, supplies, and fabricated parts directly or indirectly related to the research agreement, are allowable. Purchases made specifically for the research agreement should be charged thereto at their actual prices after deducting all cash discounts, trade discounts, rebates, and allowances received by the institution. Withdrawals from general stores or stockrooms should be charged at their cost under any recognized method of pricing stores withdrawals conforming to sound accounting practices consistently followed by the institution. Incoming transportation charges are a proper part of material cost. Direct material cost should include only the materials and supplies actually used for the performance of the research agreement, and due credit should be given for any excess materials retained, or returned to vendors. Due credit should be given for all proceeds or value received for any scrap resulting from work under the research agreement. Where Government-donated or furnished material is used in performing the research agreement, such material will be used without charge.

21. Memberships, subscriptions and professional activity costs.

a. Costs of the institution's membership in civic, business, technical, and professional organizations are allowable.

b. Costs of the institution's subscriptions to civic, business, professional, and technical periodicals are allowable.

c. Costs of meetings and conferences, when the primary purpose is the dissemination of technical information, are allowable. This includes costs of meals, transportation, rental of facilities, and other items incidental to such meetings or conferences.

22. Patent costs. Costs of preparing disclosures, reports, and other documents required by the research agreement and of searching the art to the extent necessary to make such invention disclosures, are allowable. In accordance with the clauses of the research agreement relating to patents, costs of preparing documents and any other patent costs, in connection with the filing of a patent application where title is conveyed to the Government, are allowable. (See also section J.33.)

23. Pension plan costs. Costs of the institution's pension plan which are incurred in accordance with the established policies of the institution are allowable, provided such policies meet the test of reasonableness and the methods of cost allocation are not discriminatory, and provided appropriate adjustments are made for credits or gains arising out of normal and abnormal employee turnover or any other contingencies that can result in forfeitures by employees which inure to the benefit of the institution.

24. Plant security costs. Necessary expenses incurred to comply with Government security requirements, including wages, uniforms and equipment of personnel engaged in plant protection, are allowable.

25. Preresearch agreement costs. Costs incurred prior to the effective date of the research agreement, whether or not they would have been allowable thereunder if incurred after such date, are unallowable unless specifically set forth and identified in the research agreement.

26. Professional services costs.

a. Costs of professional services rendered by the members of a particular profession who are not employees of the institution are allowable, subject to b. and c. below, when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Government. Retainer fees to be allowable must be reasonably supported by evidence of services rendered.

b. Factors to be considered in determining the allowability of costs in a particular case include (1) the past pattern of such costs, particularly in the years prior to the award of Government research agreements; (2) the impact of Government research agreements on the institution's total activity; (3) the nature and scope of managerial services expected of the institution's own organizations; and (4) whether the proportion of Government work to the institution's total activity is such as to influence the institution in favor of incurring the cost, particularly where the services rendered are not of a continuing nature and have little relationship to work under Government research agreements.

c. Costs of legal, accounting, and consulting services, and related costs, incurred in connection with organization and reorganization or the prosecution of claims against the Government, are unallowable. Costs of legal, accounting and consulting services, and related costs, incurred in connection with patent infringement litigation, are unallowable unless otherwise provided for in the research agreement.

27. Profits and losses on disposition of plant, equipment, or other capital assets. Profits or losses of any nature arising from the sale or exchange of plant, equipment, or other capital assets, including sale or exchange of either short- or long-term investments, shall not be considered in computing research agreement costs.

28. Proposal costs. Proposal costs are the costs of preparing bids or proposals on potential Government and nongovernment research agreements or projects, including the development of engineering data and cost data necessary to support the institution's bids or proposals. Proposal costs of the current accounting period of both successful and unsuccessful bids and proposals normally should be

treated as indirect costs and allocated currently to all activities of the institution, and no proposal costs of past accounting periods will be allocable in the current period to the Government research agreement. However, the institution's established practices may be to treat proposal costs by some other recognized method. Regardless of the method used, the results obtained may be accepted only if found to be reasonable and equitable.

29. Public information services costs. Costs of news releases pertaining to specific research or scientific accomplishment are unallowable unless specifically authorized by the sponsoring agency.

30. Rearrangement and alteration costs. Costs incurred for ordinary or normal rearrangement and alteration of facilities are allowable. Special arrangement and alteration costs incurred specifically for the project are allowable when such work has been approved in advance by the sponsoring agency concerned.

31. Reconversion costs. Costs incurred in the restoration or rehabilitation of the institution's facilities to approximately the same condition existing immediately prior to commencement of Government research agreement work, fair wear and tear excepted, are allowable.

32. Recruiting costs.

a. Subject to b., c., and d. below, and provided that the size of the staff recruited and maintained is in keeping with workload requirements, costs of "help wanted" advertising, operating costs of an employment office necessary to secure and maintain an adequate staff, costs of operating an aptitude and educational testing program, travel costs of employees while engaged in recruiting personnel, travel costs of applicants for interviews for prospective employment, and relocation costs incurred incident to recruitment of new employees, are allowable to the extent that such costs are incurred pursuant to a well managed recruitment program. Where the institution uses employment agencies, costs not in excess of standard commercial rates for such services are allowable.

b. In publications, costs of help wanted advertising that includes color, includes advertising material for other than recruitment purposes, or is excessive in size (taking into consideration recruitment purposes for which intended and normal institutional practices in this respect), are unallowable.

c. Costs of help wanted advertising, special emoluments, fringe benefits, and salary allowances incurred to attract professional personnel from other institutions that do not meet the test of reasonableness or do not conform with the established practices of the institution, are unallowable.

d. Where relocation costs incurred incident to recruitment of a new employee have been allowed either as an allocable direct or indirect cost, and the newly hired employee resigns for reasons within his control within 12 months after hire, the institution will be required to refund or credit such relocation costs to the Government.

33. Royalties and other costs for use of patents. Royalties on a patent or amortization of the cost of acquiring a patent or invention or rights thereto, necessary for the proper performance of the research agreement and applicable to tasks or processes thereunder, are allowable unless the Government has a license or the right to free use of the patent, the patent has been adjudicated to be invalid or has been administratively determined to be invalid, the patent is considered to be unenforceable, or the patent has expired.

34. Sabbatical leave costs. Costs of leave of absence to employees for performance of graduate work or sabbatical study, travel, or research are allowable provided the institution has a uniform policy on sabbatical leave for persons engaged in instruction and persons engaged in research. Such costs will be allocated on an equitable basis among all appertaining activities of the institution. Where sabbatical leave is included in fringe benefits for which a cost is determined for assessment as a direct charge, the aggregate amount of such assessments applicable to all work

of the institution during the base period must be reasonable in relation to the institution's actual experience under its sabbatical leave policy.

35. Scholarships and student aid costs. Costs of scholarships, fellowships and other forms of student aid apply only to instruction and therefore are not allocable to research agreements, either as direct costs or indirect costs. However, in the case of students actually engaged in work under research agreements, any tuition remissions to such students for work performed are allocable to such research agreements provided consistent treatment is accorded such costs. (See section J.39.)

36. Severance pay.

a. Severance pay is compensation in addition to regular salaries and wages which is paid by an institution to employees whose services are being terminated. Costs of severance pay are allowable only to the extent that such payments are required by law, by employer-employee agreement, by established policy that constitutes in effect an implied agreement on the institution's part, or by circumstances of the particular employment.

b. Severance payments that are due to normal, recurring turnover and which otherwise meet the conditions of a. above may be allowed provided the actual costs of such severance payments are regarded as expenses applicable to the current fiscal year and are equitably distributed among the institution's activities during that period.

c. Severance payments that are due to abnormal or mass terminations are of such conjectural nature that allowability must be determined on a case-by-case basis. However, the Government recognizes its obligation to participate, to the extent of its fair share, in any specific payment.

37. Specialized service facilities operated by institution.

a. The costs, including amortization by generally accepted accounting practice, of institutional services involving the use of highly complex and specialized facilities such as electronic computers, including the cost of adapting computers for use, wind tunnels, and reactors are allowable provided the charges therefor meet the conditions of b. or c. below, and otherwise take into account any items of income or Federal financing that qualify as applicable credits under section C.5.

b. The costs of such institutional services normally will be charged directly to applicable research agreements based on actual usage or occupancy of the facilities on the basis of a schedule of rates that (1) is designed to recover only aggregate costs of providing such services over a long term agreed upon in advance by the cognizant Federal agency on an individual basis, and (2) is applied on a nondiscriminatory basis as between organized research and other work of the institution, including usage by the institution for internal purposes. Commercial or accommodation sales of computer services will be charged at not less than the above rates; however, if the rates charged for these services are greater, the total amount of charges above the scheduled rates when significant may be considered in revising the schedule of rates. Further, within the constraints of this paragraph, it is not necessary that the rates charged for services be equal to the cost of providing those services during any one fiscal year.

c. In the absence of an acceptable arrangement for direct costing as provided in b. above, the costs incurred for such institutional services may be assigned to research agreements as indirect costs, provided the methods used achieve substantially the same results. Such arrangements should be worked out in coordination with the cognizant Federal agency in order to assure equitable distribution of the indirect costs.

38. Special services costs. Costs incurred for general public relations activities, catalogs, alumni activities, and similar services, are unallowable.

39. Staff benefits.

a. Staff benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, sick leave, military leave, and the like, are allowable provided such costs are absorbed by all institutional activities, including organized research, in proportion to the relative amount of time or effort actually devoted to each. (See section J.34. for treatment of sabbatical leave.)

b. Staff benefits in the form of employer contributions or expenses for social security, employee insurance, workmen's compensation insurance, the pension plan (see section J.23.), tuition or remission of tuition for individual employees or their families (see section J.35.), and the like, are allowable provided such benefits are granted in accordance with established institutional policies, and provided such contributions and other expenses, whether treated as indirect costs or as an increment of direct labor costs, are distributed to particular research agreements and other activities in a manner consistent with the pattern of benefits accruing to the individuals or groups of employees whose salaries and wages are chargeable to such research agreements and other activities.

40. Student activity costs. Costs incurred for intramural activities, student publications, student clubs, and other student activities, apply only to instruction and therefore are not allocable to research agreements, either as direct costs or indirect costs.

41. Student services costs. Costs of the deans of students, administration of student affairs, registrar, placement offices, student advisers, student health and infirmary services, and such other activities as are identifiable with student services apply only to instruction and therefore are not allocable to research agreements, either as direct costs or indirect costs. However, in the case of students actually engaged in work under research agreements, a proportion of student services costs measured by the relationship between hours of work by students on such

research work and total student hours including all research time may be allowed as a part of research administration expenses.

42. Taxes.

a. In general, taxes which the institution is required to pay and which are paid or accrued in accordance with generally accepted accounting principles, and payments made to local governments in lieu of taxes which are commensurate with the local government services received are allowable, except for (1) taxes from which exemptions are available to the institution directly or which are available to the institution based on an exemption afforded the Government and in the latter case when the sponsoring agency makes available the necessary exemption certificates, and (2) special assessments on land which represent capital improvements.

b. Any refund of taxes, interest, or penalties, and any payment to the institution of interest thereon, attributable to taxes. interest, or penalties which were allowed as research agreement costs, will be credited or paid to the Government in the manner directed by the Government provided any interest actually paid or credited to an institution incident to a refund of tax, interest and penalty will be paid or credited to the Government only to the extent that such interest accrued over the period during which the institution had been reimbursed by the Government for the taxes, interest, and penalties.

43. Transportation costs. Costs incurred for freight, express, cartage, postage, and other transportation services relating either to goods purchased, in process, or delivered, are allowable. When such costs can readily be identified with the items involved, they may be charged directly as transportation costs or added to the cost of such items. Where identification with the materials received cannot readily be made, inbound transportation costs may be charged to the appropriate indirect cost accounts if the institution follows a consistent, equitable procedure in this respect. Outbound freight, if reimbursable under the terms of the research agreement, should be treated as a direct cost.

44. Travel costs.

a. Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the institution. Such costs may be charged on an actual basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, and results in charges consistent with those normally allowed by the institution in its regular operations.

b. Travel costs are allowable subject to c., d., e., and f. below, when they are directly attributable to specific work under a research agreement or are incurred in the normal course of administration of the institution or a department or research program thereof.

c. The difference in cost between first-class air accommodations and less than first-class air accommodations is unallowable except when less than first-class air accommodations are not reasonably available to meet necessary mission requirements, such as where less than first-class accommodations would (1) require circuitous routing, (2) require travel during unreasonable hours, (3) greatly increase the duration of the flight, (4) result in additional costs which would offset the transportation savings, or (5) offer accommodations which are not reasonably adequate for the medical needs of the traveler.

d. Costs of personnel movements of a special or mass nature are allowable only when authorized or approved in writing by the sponsoring agency or its authorized representative.

e. Foreign travel costs are allowable only when the travel has received specific prior approval. Each separate foreign trip must be specifically approved. For purposes of this provision, foreign travel is defined as "any travel outside of Canada and the United States and its territories and possessions."

f. Expenditures for domestic travel may not exceed $500, or 125 percent of the amount allotted for such travel by the sponsoring agency, whichever is greater, except with approval.

45. Termination costs applicable to research agreements.

a. Termination of research agreements generally gives rise to the incurrence of costs or to the need for special treatment of costs, which would not have arisen had the agreement not been terminated. Items peculiar to termination are set forth below. They are to be used in conjunction with all other provisions of this Circular in the case of termination.

b. The cost of common items of material reasonably usable on the institution's other work will not be allowable unless the institution submits evidence that it could not retain such items at cost without sustaining a loss. In deciding whether such items are reasonably usable on other work of the institution, consideration should be given to the institution's plans and orders for current and scheduled work. Contemporaneous purchases of common items by the institution will be regarded as evidence that such items are reasonably usable on the institution's other work. Any acceptance of common items as allowable to the terminated portion of the agreement should be limited to the extent that the quantities of such items on hand, in transit, and on order are in excess of the reasonable quantitative requirements of other work.

c. If in a particular case, despite all reasonable efforts by the institution, certain costs cannot be discontinued immediately after the effective date of termination, such costs are generally allowable within the limitations set forth in this Circular, except that any such costs continuing after termination due to the negligent or willful failure of the institution to discontinue such costs will be considered unacceptable.

d. Loss of useful value of special tooling, and special machinery and equipment is generally allowable, provided (1) such special tooling, machinery, or equipment is not reasonably capable of use in the other work of the institution; (2) the interest of the Government is protected by transfer of title or by other means deemed appropriate by the contracting officer or equivalent; and (3) the loss of useful value as to any one terminated agreement is limited to that portion of the acquisition cost which bears the same ratio to the total acquisition cost as the terminated portion of the agreement bears to the entire terminated agreement and other Government agreements for which the special tooling, special machinery, or equipment was acquired.

e. Rental costs under unexpired leases are generally allowable where clearly shown to have been reasonably necessary for the performance of the terminated agreement, less the residual value of such leases, if (1) the amount of such rental claimed does not exceed the reasonable use value of the property leased for the period of the agreement and such further period as may be reasonable; and (2) the institution makes all reasonable efforts to terminate, assign, settle, or otherwise reduce the cost of such lease. There also may be included the cost of alterations of such leased property, provided such alterations were necessary for the performance of the agreement, and of reasonable restoration required by the provisions of the lease.

f. Settlement expenses including the following are generally allowable: (1) accounting, legal, clerical, and similar costs reasonably necessary for the preparation and presentation to contracting officers or equivalent of settlement claims and supporting data with respect to the terminated portion of the agreement, and the termination and settlement of subagreements; and (2) reasonable costs for the storage, transportation, protection, and disposition of property provided by the Government or acquired or produced by the institution for the agreement.

g. Claims under subagreements, including the allocable portion of claims which are common to the agreement and to other work of the institution, are generally allowable.

K. Certification of charges. To assure that expenditures for research grants and contracts are proper and in accordance with the research agreement documents and approved project budgets, the annual and/or final fiscal reports or vouchers requesting payment under research agreements will include a certification, signed by an authorized official of the university, which reads essentially as follows: "I certify that all expenditures reported (or payments requested) are for appropriate purposes and in accordance with the agreements set forth in the application and award documents."

ATTACHMENT B
Circular No. A-21
Revised

PRINCIPLES FOR DETERMINING COSTS APPLICABLE TO TRAINING AND OTHER EDUCATIONAL SERVICES UNDER GRANTS AND CONTRACTS WITH EDUCATIONAL INSTITUTIONS

Executive Office of the President
Office of Management and Budget
September 2, 1970

405-832 0 - 70 - 4

ATTACHMENT B
Circular No. A-21
Revised

PRINCIPLES FOR DETERMINING COSTS APPLICABLE TO TRAINING AND OTHER EDUCATIONAL SERVICES UNDER GRANTS AND CONTRACTS WITH EDUCATIONAL INSTITUTIONS

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PRINCIPLES FOR DETERMINING COSTS APPLICABLE TO TRAINING AND OTHER EDUCATIONAL SERVICES UNDER GRANTS AND CONTRACTS WITH EDUCATIONAL INSTITUTIONS

A. Purpose. This Attachment extends the scope of Circular A-21 to cover the determination of costs incurred by educational institutions under Federal grants and contracts for training and other educational services.

B. Application. All Federal agencies will use Circular A-21, including this Attachment, as a basis for determining allowable costs under grants and cost reimbursement type contracts with educational institutions for work performed under federally-supported educational service agreements.

C. Terminology. The following definitions are to be used in determining the indirect cost of federally-sponsored training and other educational services under this Attachment:

1. Educational service agreement means any grant or contract under which Federal financing is provided on a cost reimbursement basis for all or an agreed portion of the costs incurred for training or other educational services. Typical of the work covered by educational service agreements are summer institutes, special training programs for selected participants, professional or technical services to cooperating countries, the development and introduction of new or expanded courses, and similar instructional oriented undertakings, including special research training programs, that are separately budgeted and accounted for by the institution.

The term does not extend to (a) grants or contracts for organized research, (b) arrangements under which the Federal financing is exclusively in the form of scholarships, fellowships, traineeships, or other fixed amounts such as a cost of education allowance or the normal published tuition rates and fees of an institution, or (c) construction, facility and exclusively general resource or institutional type grants.

2. Instruction means all of the academic work other than organized research carried on by an institution, including

the teaching of graduate and undergraduate courses, departmental research (see section B.2. of Attachment A) and all special training or other instructional oriented projects sponsored by the Federal Government or others under educational service agreements.

D. Student administration and services. In addition to the five major functional categories of indirect costs described in section F of Attachment A, there is established an additional category under the title "Student administration and services" to embrace the following:

1. The expenses in this category are those that have been incurred for the administration of student affairs and for services to students, including expenses of such activities as deans of students, admissions, registrar, counseling and placement services, student advisers, student health and infirmary services, catalogs, and commencements and convocations. The salaries of members of the academic staff whose academic appointments or assignments involve the performance of such administrative or service work may also be included to the extent that the portion so charged is supported pursuant to section J.2. The student administration and services category also includes the staff benefit and pension plan costs applicable to the salaries and wages included therein, an appropriate share of the cost of the operation and maintenance of the physical plant, and charges representing use allowance or depreciation applicable to the buildings and equipment utilized in the performance of the functions included in this category.

2. The expenses in this category are generally applicable in their entirety to the instruction activity. They should be allocated to applicable cost objectives within the instruction activity, including educational service agreements, when such agreements reasonably benefit from these expenses. Such expenses should be allocated on the basis of population served (computed on the basis of full-time equivalents including students, faculty, and others as appropriate) or other methods which will result in an equitable distribution to cost objectives in relation to the benefits received and be consistent with guides provided in section E.2. of Attachment A.

E. Direct costs of educational service agreements. Direct costs of work performed under educational service agreements will be determined consistent with the principles set forth in section D of Attachment A.

F. Indirect costs of the instruction activity. The indirect costs of the instruction activity as a whole should include its allocated share of administrative and supportive costs determined in accordance with the principles set forth in section D above and in section F of Attachment A. Such costs may include other items of indirect cost incurred solely for the instruction activity and not included in the general allocation of the various categories of indirect expenses. Costs incurred for the institutions by State and local governments are allowable as provided for in section C.6. of Attachment A.

G. Indirect costs applicable to educational service agreements. The individual items of indirect costs applicable to the instruction activity as a whole should be assigned to (1) educational service agreements, and (2) all other instructional work through use of appropriate cost groupings, selected distribution bases, and other reasonable methods as outlined in section E.2. of Attachment A. A single indirect pool may be used for all educational service agreements provided this results in a reasonably equitable distribution of costs among agreements in relation to indirect support services provided. However, when the level of indirect support significantly varies for work performed either on campus or off campus under a particular agreement or group of agreements, separate cost pools should be established consistent with the principles set forth in section G.1.b. of Attachment A. Where direct charges are provided for under educational service agreements for such things as commencement fees, student fees, and tuition, the related indirect costs, through separate cost groupings, should be excluded from the indirect costs allocable to the service agreements.

H. Indirect cost rates for educational service agreements. An indirect cost rate should be determined for the educational service agreement pool or pools, as established under section G above. The rate in each case should be stated as the percentage which the amount of the particular educational service agreement pool is of the total direct salaries and wages of all educational service agreements identified with such pool. Indirect costs should be distributed to individual agreements by applying the rate or rates established to direct salaries and wages for each agreement. When a fixed rate is negotiated in advance of a fiscal year, the over- or under-recovery for that year may be included as an adjustment to the indirect cost for the next rate negotiation as in sections G.4. and G.5. of Attachment A.

J. General standards for selected items of cost. The standards for selected items of cost as set forth in sections J.1. through J.46. of Attachment A applicable to research agreements will also be applied to educational service agreements with the following modifications:

1. Commencement and convocation costs (J.5.). Expenses incurred for convocations and commencements apply to the instruction activity as a whole. Such expenses are unallowable as direct costs of educational service agreements unless specifically authorized in the agreement or approved in writing by the sponsoring agency. For eligibility of allocation as indirect costs, see section D.

2. Compensation for personal services (J.7.). Charges to educational service agreements for personal services will normally be determined and supported consistent with the provisions of section J.7. of Attachment A. However, the provision for stipulated salary support will not be used for educational service agreements. Also, charges may include compensation in excess of the base salary of a faculty member for the conduct of courses outside the normal duties of such member provided that: (a) extra charges are determined at a rate not greater than the basic salary rate of the member; (b) salary payments for such work follow practices consistently applied within the institution; and (c) specific authorization for such charges is included in the educational service agreement.

3. Scholarships and student aid costs (J.35.). Expenses incurred for scholarships and student aid are unallowable as either direct costs or indirect costs of educational service agreements, unless specifically authorized in the educational service agreement or approved in writing by the sponsoring agency.

4. Student activity costs (J.40.). Expenses incurred for student activities are unallowable as either direct costs or indirect costs of educational service agreements, unless specifically authorized in the educational service agreement or approved in writing by the sponsoring agency.

5. Student services costs (J.41.). Expenses incurred for student services are unallowable as direct costs of educational service agreements unless specifically authorized in the agreement or approved in writing by the sponsoring agency. For eligibility of allocation as indirect costs, see section D.

U.S. GOVERNMENT PRINTING OFFICE : 1970 O - 405-832

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON, D.C. 20503

May 15, 1968 CIRCULAR NO. A-88

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Policies for coordinating the determination of indirect cost rates and auditing in connection with grants and contracts with educational institutions

1. Purpose. This Circular provides policies for coordinating (a) the establishment of indirect cost rates for, and (b) the auditing of, Federal grants and contracts with educational institutions. The objectives are to promote a coordinated Federal approach in these areas and to achieve more efficient use of manpower.

2. Coverage. This Circular applies to all Federal agencies that administer grants and contracts with educational institutions which are subject to Bureau of the Budget Circular No. A-21 (Revised). To the extent appropriate, the policies set forth in this Circular may be applied also to other grants and contracts with educational institutions.

3. Policy.

a. Negotiation of indirect cost rates. One Federal agency will negotiate the indirect cost rate or rates for all agencies at a single institution. These negotiations will be carried out in accordance with relevant provisions of law and other applicable regulations or requirements.

b. Negotiation of other special rates. Institutional services involving the use of highly complex and specialized facilities, such as electronic computers, may in some cases require the negotiation of special rates. In these situations also, the cognizant Federal agency will do the negotiating for all the others at a single institution.

c. Acceptance of negotiated indirect cost rates. The negotiated rates will be accepted by all Federal agencies.

d. Auditing. One Federal agency will do all the necessary auditing of direct and indirect costs at a single institution. Agencies which have special considerations affecting their contracts or grants will inform the cognizant audit agency so that appropriate attention may be given to them in developing the audit program. Results of the audit will be furnished by the cognizant audit agency to the other agencies concerned.

e. Agency assignments. One Federal agency may carry out the indirect cost rate negotiation while another may be responsible for the auditing but, wherever possible, the same agency will perform both of these related functions at a single institution.

4. Administering the policy.

a. Interagency committee. The head of each Federal agency with significant amounts of grants and contracts with educational institutions will designate one or more officials for membership in an interagency coordinating committee, chaired by the Bureau of the Budget, to make agency assignments or reassignments for the negotiation of indirect cost rates and auditing workload and to otherwise assist in achieving the objectives of this Circular. The committee will consist of two subcommittees, one to deal with assignments for negotiation of indirect cost rates and the other with audit. The names and titles of the designated officials will be furnished to the Bureau of the Budget not later than thirty days after the effective date of this Circular.

b. Determining the agency that will establish the indirect cost rates and carry out the audit activities. It will be the responsibility of the interagency coordinating committee to make a determination as to which Federal agency will be assigned responsibility for conducting the indirect cost rate negotiation or carrying out the necessary audit, or both, at each institution. The committee will also be responsible for a periodic review of assignments. The criteria to be employed in making such assignments include the following:

(1) Existing arrangements at institutions for consolidated indirect cost rate negotiation and auditing.

(2) Availability of qualified negotiation and audit staff, including the necessary security clearance where applicable.

(3) Geographical location of the institution in relation to agency staff.

(4) Dollar volume (excluding capital outlay), number, and complexity of the grants and contracts of each Federal agency at the institution.

If problems are encountered in agreeing upon the agency that will assume responsibility for negotiation or audit, or both, at a given institution, the Bureau of the Budget will make the determination.

c. Initiating the arrangement for consolidating indirect cost rate negotiation and auditing. For the purposes of this Circular, all educational institutions at which there are grants or contracts from Federal agencies will be assigned to specific Federal agencies by the interagency coordinating committee. It is recognized that qualified negotiation and audit staff may not be immediately available for all the assigned institutions. As in other instances of limited manpower resources, it will be the responsibility of each agency to arrange priorities, within assignments, so as to meet the most urgent requirements.

d. Staffing and financing. Since lead time is necessary to bring about any needed adjustments in agency funding and staffing, the initial agency assignments for the negotiation of indirect cost rates and for auditing will take into consideration existing financing arrangements for interagency services as well as agency resources available for these purposes as provided in b.(1) and (2) above. For longer range policy on financing, however, the interagency committee will develop proposals on the funding of interagency services.

e. Procedure for consolidated negotiation. The cognizant Federal negotiation agency for any specific institution will notify the institution of this assignment and will furnish to the institution the names and addresses of those to whom copies of the proposal for an indirect cost rate (or other special rate) must be sent. Representatives of other agencies who desire a copy should so inform the negotiation agency. In certain cases, the cognizant audit agency will be requested to conduct an advisory audit of the indirect cost rate proposal and furnish copies of its report to all agencies having grants and contracts at the particular institution prior to the negotiation of the indirect cost rate. In addition to its report, the audit agency upon request will provide related advice and counsel for the negotiation of rates. Indirect cost rates will be established by one of the following means:

(1) By formal negotiation. The cognizant negotiation agency will schedule a prenegotiation conference to which it will invite all agencies having grants and contracts at the institution. Thereafter, the cognizant agency will arrange a negotiation conference with the institution. If an agency does not wish to be represented in these meetings due to a relatively small dollar volume at the institution, or for other reasons, the cognizant negotiation agency will represent that agency.

(2) By other than formal negotiation. This will include cases where the institution and cognizant agency determine that agreement can be reached without a formal negotiation conference, for example, through correspondence or use of the short form method described in Bureau of the Budget Circular No. A-21 (Revised).

f. Special considerations affecting indirect cost rate negotiation. An agency which has reason to believe that special operating factors affecting its contracts or grants necessitate separate rates will, prior to the time the agreement is negotiated, notify the cognizant audit agency, the institution, and the cognizant negotiation agency so that appropriate attention may be devoted to them. Bureau of the Budget Circular No. A-21 (Revised) provides for separate indirect cost rates when it is determined that a separate rate differs significantly from a single rate and that the volume of work to which such special rate would apply is material in relation to other Government work at the institution.

g. Formalizing determinations and agreements. The negotiation agency will formalize all determinations or agreements reached with the institution and provide copies to the cognizant audit agency and other agencies having an interest.

h. Disputes and disagreements with educational institutions. Where the negotiation agency is unable to reach agreement with an institution on the establishment of an acceptable indirect cost rate or rates, it will formalize its final position and notify the other agencies involved of its recommendations. The individual agencies will endeavor to coordinate the resolution of the disputed items with the negotiation agency. If agreement cannot be obtained through this procedure, the agencies, individually, may proceed with separate negotiations with the institution concerned.

5. Reporting. Each Federal agency receiving assignments pursuant to paragraph 4.c. of this Circular will prepare and submit a report to the Bureau of the Budget, using the format of Exhibit 1, attached. The report will be prepared as of November 30 of each year, and forwarded to the Bureau not later than December 31.

6. Effective date. This Circular is effective immediately.

PHILLIP S. HUGHES
Acting Director

Attachment

EXHIBIT 1
Circular No. A-88

STATUS OF CONSOLIDATED NEGOTIATION AND/OR AUDIT COGNIZANCE PURSUANT TO THE REQUIREMENTS OF BOB CIRCULAR NO. A-88

AGENCY____________________

As of year ended November 30, 19__

Name and address of educational institution or branch	Negotiation responsibility assigned to	Auditing responsibility assigned to	Last fiscal period for which rate determined	Last fiscal period for which audit completed	Other agencies serviced by cognizant reporting agency	
					Negotiation	Audit
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	(Show organization unit and address)	(Show organization unit and address)	(If more than one rate, list separately)			

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON. D.C. 20503

August 1, 1969

CIRCULAR NO. A-88
Transmittal Memorandum No. 1

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Policies for coordinating the determination of indirect cost rates and auditing in connection with grants and contracts with educational institutions

Bureau of the Budget Circular No. A-88 provides for the assignment of cognizance to single departments and agencies for conducting indirect cost negotiations and audits at single educational institutions. This Circular established an interagency committee to determine the agency to exercise this responsibility at each institution. The committee was comprised of representatives of all of the agencies mainly concerned.

Attachment A lists the cognizant agency assigned to each school, and the fiscal year in which it is planned for cognizance to be assumed. The effective date for the assumption of cognizance is the beginning of the fiscal year indicated. Government-owned facilities at educational institutions are not included in the cognizance assignments made in Attachment A; these will remain the responsibility of the contracting agencies. The listed cognizance covers both cost negotiation and audit unless otherwise indicated.

Except for fiscal year 1970, the indicated date for the beginning of cognizance is for planning purposes only. Several factors such as shifts in the distribution of Federal support and availability of audit staff may make some changes necessary in indicated cognizance.

Reimbursement to cognizant agencies for work performed under this Circular will be made by reimbursement billing under section 601, Economy Act of 1932, 31 U.S.C. 686.

ROBERT P. MAYO
Director

Attachment

ASSIGNMENT OF COST NEGOTIATION AND AUDIT RESPONSIBILITY UNDER BUREAU OF THE BUDGET CIRCULAR NO. A-88

(The date indicated is the fiscal year beginning July 1, in which cognizance is to be assumed.)

Alabama

Ala Agr and Mech Col	HEW	1972
Ala Christian Col	HEW	1970
Ala Col	HEW	1971
Ala St Col	HEW	1971
Alexander City St Jr Col	HEW	1970
Auburn Univ	HEW	1970
Birmingham-Southern Col	HEW	1972
Calhoun St Tech Jr Col	HEW	1970
Daniel Payne Col	HEW	1970
Enterprise Jr Col	HEW	1970
Florence St Col	HEW	1970
Gadsden Tech Jr Col	HEW	1970
George C Wallace Jr Col	HEW	1970
Huntington Col	HEW	1970
Jacksonville St Col	HEW	1972
Jefferson Davis Col	HEW	1970
Jefferson St Jr Col	HEW	1970
Livingston St Col	HEW	1970
Miles Col	HEW	1972
Mobile St Jr Col	HEW	1970
Northeast St Jr Col	HEW	1970
Northwest Ala St Jr Col	HEW	1970
Oakwood Col	HEW	1970
Patrick Henry Jr Col	HEW	1970
Sacred Heart Col	HEW	1970
Southern Union St Jr Col	HEW	1970
Spring Hill Col	HEW	1971
St Bernard Col	HEW	1970
Stillman Col	HEW	1971
Talladega Col	HEW	1970
Troy St Col	HEW	1970
Tuskegee Inst	HEW	1970
Univ of Ala	HEW	1970
Univ of South Ala	HEW	1972
Wenonah Jr Col	HEW	1970
William Yancey St Jr Col	HEW	1970

Alaska

Alaska Methodist Univ	HEW	1972
Sheldon Jackson Jr Col	HEW	1970
Univ of Alaska	DOD	1970

Arizona

Amer Inst Foreign Trade	HEW	1970
Ariz St Univ	HEW	1972
Ariz Western Col	HEW	1972
Cochise Col	HEW	1970
Eastern Ariz Jr Col	HEW	1970
Glendale Comm Col	HEW	1970
Grand Canyon Col	HEW	1970
Mesa Comm Col	HEW	1970
Northern Ariz Univ	HEW	1971
Phoenix Col	HEW	1972
Prescott Col	HEW	1970
Univ of Ariz	HEW	1972

Arkansas

Ark Agr and Mech Col	HEW	1970
Ark Agr Mech & Normal Col	HEW	1971
Ark Baptist Col	HEW	1970
Ark Col	HEW	1970
Ark Polytechnic Col	HEW	1970
Ark St Col	HEW	1970
Ark Art Center	HEW	1970
Col of the Ozarks	HEW	1970
Crowley's Ridge Col	HEW	1970
Harding Col	HEW	1972
Henderson St Tchrs Col	HEW	1970
Hendrix Col	HEW	1970
John Brown Univ	HEW	1971
Little Rock Univ	HEW	1971
Ouachita Baptist Univ	HEW	1970

Arkansas (Continued)

Philander Smith Col	HEW	1970
Phillips Cnty Comm Jr Col	HEW	1970
Shorter Jr Col	HEW	1970
Southern Baptist Col	HEW	1970
Southern St Col	HEW	1972
State College of Ark	HEW	1972
Univ of Ark	HEW	1971
Westark Jr Col	HEW	1970

California

Allan Hancock Col	HEW	1970
Amer River Jr Col	HEW	1970
Antelope Valley Col	HEW	1970
Azusa Pacific Col	HEW	1970
Bakersfield Col	HEW	1970
Barstow Col	HEW	1970
Bethany Bible Col	HEW	1970
Biola Col	HEW	1970
Cabrillo Col	HEW	1971
Cal Col of Arts & Crafts	HEW	1970
Cal Col of Medicine	HEW	1972
Cal Inst of Tech	DOD	1970
Cal Inst of the Arts	HEW	1970
Cal Lutheran Col	HEW	1970
Cal Podiatry Col	HEW	1970
Cal St Colleges	HEW	1970
(except Fresno St Col)	Int.	1970
Cerritos Col	HEW	1971
Chabot Col	HEW	1970
Chaffey Col	HEW	1970
Chapman Col	HEW	1970
Chico State Col	HEW	1970
Citrus Jr Col	HEW	1971
City Col of San Francisco	HEW	1970
Claremont Graduate School	HEW	1972
Claremont Mens Col	HEW	1970
Coalinga Col	HEW	1971
Col of Marin	HEW	1970
Col of Notre Dame	HEW	1970
Col of San Mateo	HEW	1970
Col of the Desert	HEW	1970
Col of the Holy Names	HEW	1970
Col of the Redwoods	HEW	1970
Col of the Sequoias	HEW	1970
Col of the Siskiyous	HEW	1970
Compton Col	HEW	1970
Contra Costa Col	HEW	1970
Ctr for Early Education	HEW	1970
Cuesta Col	HEW	1970
Cypress Jr Col	HEW	1970
De Anza Col	HEW	1970
Deep Springs Col	HEW	1970
Diablo Valley Col	HEW	1970
Dominican Col San Rafael	HEW	1971
East Los Angeles Col	HEW	1970
El Camino Col	HEW	1970
Foothill Col	HEW	1970
Fresno City Col	HEW	1970
Fullerton Jr Col	HEW	1970
Gavilan Col	HEW	1970
Glendale Col	HEW	1970
Golden Gate Col	HEW	1970
Golden West Col	HEW	1970
Grossmont Col	HEW	1970
Hartnell Col	HEW	1970
Harvey Mudd Col	HEW	1972
Humboldt State Col	HEW	1970
Humphreys Col	HEW	1970
Immaculate Heart Col	HEW	1972
Imperial Valley Col	HEW	1970
La Sierra Col	HEW	1970
La Verne Col	HEW	1970
Laney Col	HEW	1970
Lassen Col	HEW	1970
Loma Linda Univ	HEW	1970
Long Beach City Col	HEW	1970
Los Angeles City Col	HEW	1970
Los Angeles Col of Optom	HEW	1970
Los Angeles Harbor Col	HEW	1970
Los Angeles Pierce Col	HEW	1970
Los Angeles Tr-Tech Col	HEW	1970
Los Angeles Valley Col	HEW	1972
Loyola Univ Los Angeles	HEW	1970
Marymount Col	HEW	1970
Menlo Col	HEW	1970
Merced Col	HEW	1970
Merritt Col	HEW	1970
Mills Col	HEW	1972
Mira Costa Col	HEW	1970
Modesto Jr Col	HEW	1971
Monterey Inst of For Stud	HEW	1970
Monterey Peninsula Col	HEW	1970
Mount San Antonio Jr Col	HEW	1971
Mount San Jacinto Col	HEW	1970
Mt St Marys Col	HEW	1971
Napa Jr Col	HEW	1970
Northrop Inst of Tech	HEW	1972

California (Continued)

Occidental Col	HEW	1970
Orange Coast Col	HEW	1971
Otis Art Inst LA Cnty	HEW	1970
Pacific Col	HEW	1970
Pacific Oaks Col	HEW	1970
Pacific Union Col	HEW	1970
Palo Verde Col	HEW	1970
Palomar Jr Col	HEW	1970
Pasadena City Col	HEW	1970
Pasadena Col	HEW	1970
Pepperdine Col	HEW	1970
Peralta Jr Col Dist	HEW	1970
Pitzer Col	HEW	1970
Pomona Col	HEW	1972
Porterville Col	HEW	1970
Reedley Col	HEW	1970
Rio Hondo Jr Col	HEW	1970
Riverside City Col	HEW	1970
S Cnty Joint Jr Col Dist	HEW	1970
Sacramento City Col	HEW	1970
Sacramento State Col	HEW	1970
Salk Inst for Biol Stud	HEW	1970
San Bernardino Vly Jr Col	HEW	1970
San Diego City Col	NSF	1970
San Diego Jr Col	HEW	1970
San Diego Mesa Col	HEW	1970
San Diego State Col	HEW	1970
San Fernando Vly St Col	HEW	1970
San Francisco Art Inst	HEW	1970
San Francisco Col Women	HEW	1971
San Francisco Consv Music	HEW	1970
San Francisco State Col	HEW	1970
San Joaquin Delta Col	HEW	1970
San Jose City Col	HEW	1970
San Jose State Col	HEW	1970
Santa Barbara City Col	HEW	1970
Santa Monica City Col	HEW	1970
Santa Rosa Jr Col	HEW	1970
Scripps Col	Int.	1970
Shasta Col	HEW	1970
Sierra Col	HEW	1970
Simpson Bible Col	HEW	1970
Solano Col	HEW	1970
Sonoma St Col	HEW	1970
Southern Cal Col	HEW	1970
Southwestern Col	HEW	1970
St Josephs Col of Orange	HEW	1970
St Marys Col Cal	HEW	1972
Stanford Univ	DOD	1970
Stanislaus St Col	HEW	1970
St Ctr Jr Col Dist	HEW	1970
Taft Col	HEW	1970
U S International Univ	HEW	1970
Univ of California	HEW	1971
Univ of Redlands	HEW	1972
Univ of San Diego	HEW	1972
Univ of San Francisco	HEW	1972
Univ of Santa Clara	HEW	1972
Univ of Southern Cal	HEW	1972
Univ of the Pacific	HEW	1972
Ventura Col	HEW	1970
Victor Valley Col	HEW	1970
West Valley Col	HEW	1970
Westmont Col	HEW	1970
Whittier Col	HEW	1970
Yuba Col	HEW	1971

Colorado

Adams State Col	HEW	1970
Arapahoe Jr Col	HEW	1970
Colorado Col	HEW	1972
Colorado Sch of Mines	HEW	1972
Colorado St Col	HEW	1970
Colorado St Univ	HEW	1972
Fort Lewis Col	HEW	1971
Iliff Sch of Theology	HEW	1970
Lamar Jr Col	HEW	1970
Loretto Heights Col	HEW	1970
Mesa Col	HEW	1970
Metropolitan St Col	HEW	1970
Northeastern Jr Col	HEW	1970
Otero Jr Col	HEW	1970
Rangely Col	HEW	1970
Regis Col	HEW	1970
Southern Colorado St Col	HEW	1970
Temple Buell Col	HEW	1972
Trinidad State Jr Col	HEW	1970
U S Air Force Academy	NSF	1970
Univ of Colorado	HEW	1971
Univ of Denver	DOD	1970
Western St Col Colorado	HEW	1972
Yampa Valley Col	HEW	1970

Connecticut

Albertus Magnus Col	HEW	1970
Annhurst Col	HEW	1970
Bridgeport Eng Inst	HEW	1972
Central Conn St Col	HEW	1971
Connecticut Col	HEW	1972
Diocesan Sisters Col	HEW	1970
Eastern Conn State Col	HEW	1970
Fairfield Univ	HEW	1972

Connecticut (Continued)

Hartford Col for Women	HEW	1970
Hartford Sem Found	NSF	1970
Manchester Comm Col	HEW	1970
Mitchell Col	HEW	1970
New Haven Col	HEW	1970
Northwestn Conn Comm Col	HEW	1970
Norwalk Comm Col	HEW	1970
Post Jr Col	HEW	1970
Quinnipiac Col	HEW	1970
Sacred Heart Univ	HEW	1970
Southern Conn St Col	HEW	1972
St Joseph Col	HEW	1970
Trinity Col	HEW	1971
Univ of Bridgeport	HEW	1972
Univ of Connecticut	HEW	1971
Univ of Hartford	HEW	1971
Waterbury St Tech Inst	HEW	1970
Wesleyan Univ	HEW	1972
Western Conn St Col	HEW	1972
Yale Univ	HEW	1971

Delaware

Delaware St Col	HEW	1971
Univ of Delaware	NSF	1971
Wesley Col	HEW	1970

District of Columbia

American Univ	HEW	1970
Capitol Inst of Tech	HEW	1970
Catholic Univ of Amer	HEW	1970
Dist of Col Tchrs Col	HEW	1972
Dunbarton Col Holy Cross	HEW	1970
Gallaudet Col	HEW	1971
George Washington Univ	HEW	1972
Georgetown Univ	HEW	1972
Howard Univ	HEW	1970
Immaculata Col of Wash	HEW	1970
Mt Vernon Jr Col	HEW	1970
Southeastern Univ	HEW	1970
Trinity Col	HEW	1971
Wash Sch of Psychiatry	HEW	1972

Florida

Alachua County Jr Col	HEW	1970
Barry Col	HEW	1970
Bethune-Cookman Col	HEW	1970
Biscayne Col	HEW	1970
Brevard Jr Col	HEW	1970
Central Florida Jr Col	HEW	1970
Chipola Jr Col	HEW	1970
Daytona Beach Jr Col	HEW	1970
Edison Jr Col	HEW	1970
Edwards Waters Col	HEW	1970
Embry-Riddle Aero Inst	HEW	1970
Florida Agr & Mech Univ	HEW	1970
Florida Atlantic Univ	Int	1970
Florida Inst of Tech	HEW	1972
Florida Jr Col	HEW	1970
Florida Keys Jr Col	HEW	1970
Florida Memorial Col	HEW	1970
Florida Presbyterian Col	HEW	1972
Florida Southern Col	HEW	1971
Florida State Univ	HEW	1971
Florida Technological Univ	HEW	1970
Gulf Coast Jr Col	HEW	1970
Indian River Jr Col	HEW	1970
Jacksonville Univ	HEW	1970
Jones Col	HEW	1970
Jr Col of Broward County	HEW	1970
Lake City Jr Col	HEW	1970
Lake-Sumter Jr Col	HEW	1970
Manatee Jr Col	HEW	1970
Marymount Col	HEW	1970
Miami-Dade Jr Col	HEW	1970
New Col	HEW	1971
North Florida Jr Col	HEW	1970
Nova Univ of Adv Tech	HEW	1970
Okaloosa-Walton Jr Col	HEW	1970
Orlando Jr Col	HEW	1970
Palm Beach Jr Col	HEW	1970
Pensacola Jr Col	HEW	1970
Polk Jr Col	HEW	1970
Rollins Col	HEW	1971
Santa Fe Jr Col	HEW	1970
Seminole Jr Col	HEW	1970
South Florida Jr Col	HEW	1970
South-Eastern Bible Col	HEW	1970
St Johns River Jr Col	HEW	1970
St Joseph Col of Florida	HEW	1970
St Leo Col	HEW	1970
St Petersburg Jr Col	HEW	1970
Stetson Univ	HEW	1972
Tallahassee Jr Col	HEW	1970
Univ of Florida	HEW	1970
Univ of Miami	HEW	1972
Univ of South Florida	HEW	1972
Univ of Tampa	HEW	1970
Univ of West Florida	HEW	1970

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Georgia

Abraham Baldwin Agr Col	HEW	1971
Agnes Scott Col	HEW	1970
Albany Jr Col	HEW	1970
Albany State Col	HEW	1972
Andrew Col	HEW	1970
Armstrong St Col	HEW	1971
Atlanta Sch of Art	HEW	1970
Atlanta Univ	HEW	1971
Augusta Col	HEW	1971
Berry Col	HEW	1970
Brewton-Parker Col	HEW	1970
Brunswick Jr Col	HEW	1970
Clark Col	HEW	1972
Columbus Col	HEW	1970
Dalton Jr Col	HEW	1970
DeKalb Col	HEW	1970
Emmanuel Col	HEW	1970
Emory Univ	HEW	1971
Fort Valley St Col	HEW	1972
Gainesville Jr Col	HEW	1970
Georgia Inst of Tech	DOD	1970
Georgia Military Col	HEW	1970
Georgia Southern Col	HEW	1972
Georgia Southwestern Col	HEW	1970
Georgia State Col	HEW	1972
John Marshall Univ	HEW	1970
Kennesaw Jr Col	HEW	1970
LaGrange Col	HEW	1970
Medical Col of Georgia	HEW	1970
Mercer Univ	HEW	1971
Middle Georgia Col	HEW	1970
Morehouse Col	HEW	1970
Morris Brown Col	HEW	1970
Norman Col	HEW	1970
North Georgia Col	HEW	1970
Oglethorpe Col	HEW	1970
Paine Col	HEW	1970
Piedmont Col	HEW	1970
Reinhardt Col	HEW	1970
Savannah St Col	HEW	1970
Shorter Col	HEW	1970
South Georgia Col	HEW	1970
Southern Col of Pharmacy	HEW	1970
Spelman Col	HEW	1970
Tift Col	HEW	1970
Univ of Georgia	HEW	1970
Valdosta St Col	HEW	1972
Wesleyan Col	HEW	1970
West Georgia Col	HEW	1971
Womens Col of Georgia	HEW	1972
Young Harris Col	HEW	1970

Hawaii

Chaminade Col of Honolulu	HEW	1970
Hawaii Loa College	HEW	1970
Univ of Hawaii	DOD	1970

Idaho

Boise Col	HEW	1970
Col of Idaho	HEW	1970
Col of Southern Idaho	HEW	1970
Idaho St Univ	HEW	1970
Lewis Clark Normal School	HEW	1970
Magic Vly Christian Col	HEW	1970
Northwest Nazarene Col	HEW	1970
Univ of Idaho	Int.	1970

Illinois

Augustana Col	HEW	1971
Aurora Col	HEW	1970
Barat Col of Sacred Heart	HEW	1970
Belleville Jr Col	HEW	1970
Black Hawk Col	HEW	1970
Blackburn Col	HEW	1970
Bloom Comm Col	HEW	1970
Bradley Univ	HEW	1971
Canton Comm Col	HEW	1970
Central YMCA Comm Col	HEW	1970
Chicago City Jr Col	HEW	1972
Chicago Col of Osteopathy	HEW	1970
Chicago Medical School	HEW	1972
Chicago-Kent Col of Law	HEW	1970
Col of St Francis	HEW	1972
Columbia Col	HEW	1970
Concordia Tchrs Col	HEW	1970
Danville Jr. Col	HEW	1970
DePaul Univ	HEW	1970
Eastern Illinois Univ	HEW	1970
Elgin Comm Col	HEW	1970
Elmhurst Col	HEW	1972
Eureka Col	HEW	1971
Freeport Comm Col	HEW	1970
George Williams Col	HEW	1970
Greenville Col	HEW	1970
Hebrew Theol Col	HEW	1970

Illinois (Continued)

Illinois Col	HEW	1972
Illinois Col of Optometry	HEW	1970
Illinois Col of Podiatry	HEW	1970
Illinois Inst of Tech	NSF	1972
Illinois St Col	HEW	1972
Illinois St Univ	HEW	1971
Illinois Wesleyan Univ	HEW	1972
Joliet Jr Col	HEW	1970
Judson Col	HEW	1970
Kaskaskia Col	HEW	1970
Kendall Col	HEW	1970
Knox Col	HEW	1972
LaSalle-Peru-Oglesby Jr Col	HEW	1970
Lake Forest Col	NSF	1972
Lewis Col	HEW	1971
Lincoln Col	HEW	1970
Loyola Univ	HEW	1970
Lyons Township Jr Col	HEW	1970
MacCormac Col	HEW	1970
MacMurray Col	HEW	1972
McKendree Col	HEW	1970
Millikin Univ	HEW	1970
Monmouth Col	HEW	1972
Monticello Col	HEW	1970
Mount Vernon Comm Col	HEW	1970
Mundelein Col	HEW	1970
Nat Col of Education	HEW	1970
North Central Col	HEW	1971
North Park Col	HEW	1972
Northern Illinois Univ	HEW	1970
Northwestern Univ	HEW	1970
Olivet Nazarene Col	HEW	1970
Olney Comm Col	HEW	1970
Principia Col	HEW	1970
Quincy Col	HEW	1971
Rock Valley Col	HEW	1970
Rockford Col	HEW	1972
Roosevelt Univ	HEW	1972
Rosary Col	HEW	1971
Sauk Valley Col	HEW	1970
Schools of the Art Inst	HEW	1970
Shimer Col	HEW	1970
Southern Illinois Univ	HEW	1970
Springfield Jr Col	HEW	1970
St Dominic Col	HEW	1970
St Procopius Col	HEW	1972
St Xavier Col	HEW	1970
Thornton Jr Col	HEW	1970
Trinity Christian Col	HEW	1970
Trinity Col	HEW	1970
Triton Col	HEW	1970
Univ of Chicago	HEW	1970
Univ of Illinois	DOD	1970
Wabash Valley Col	HEW	1970
Western Illinois Univ	HEW	1972
Wheaton Col	HEW	1971
William Rainey Harper Col	HEW	1970

Indiana

Anderson Col	HEW	1970
Ball State Univ	HEW	1972
Bethel Col	HEW	1970
Butler Univ	HEW	1972
Concordia Senior Col	HEW	1970
Depauw Univ	HEW	1972
Earlham Col	HEW	1971
Fort Wayne Art School	HEW	1970
Franklin Col of Indiana	HEW	1972
Goshen Col	HEW	1972
Grace Theol Sem	HEW	1970
Hanover Col	NSF	1970
Herron School of Art	HEW	1970
Huntington Col	HEW	1970
Indiana Central Col	HEW	1971
Indiana Inst of Tech	HEW	1970
Indiana Northern Univ	HEW	1970
Indiana St Univ	HEW	1970
Indiana Univ	HEW	1971
Manchester Col	HEW	1971
Marian Col	HEW	1970
Marion Col	HEW	1970
Oakland City Col	HEW	1970
Purdue Univ	NSF	1972
Rose Polytechnic Inst	HEW	1972
St Benedict Col	HEW	1970
St Francis Col	HEW	1970
St Joseph's Col	HEW	1971
St Mary-of-the-Woods Col	HEW	1970
St Marys Col	HEW	1971
St Meinrad Sem	HEW	1970
Taylor Univ	HEW	1972
Tri-St Col	HEW	1972
Univ of Evansville	HEW	1972
Univ of Notre Dame	DOD	1970
Valparaiso Univ	HEW	1970
Vincennes Univ	HEW	1971
Wabash Col	HEW	1972

Iowa

Area X Comm Col	HEW	1970
Briar Cliff Col	HEW	1970
Buena Vista Col	HEW	1972
Burlington Comm Col	HEW	1970
Central Col	HEW	1970
Clarinda Comm Col	HEW	1970
Clarke Col	HEW	1971
Clinton Jr Col	HEW	1970
Coe Col	HEW	1972
Col of Osteopath Med Surg	HEW	1970
Cornell Col	HEW	1972
Creston Comm Col	HEW	1970
Ctrville Comm Col	HEW	1970
Divine Word Col	HEW	1970
Dordt Col	HEW	1972
Drake Univ	HEW	1970
Eagle Grove Jr Col	HEW	1970
Ellsworth Jr Col	HEW	1970
Emmetsburg Comm Col	HEW	1970
Estherville Jr Col	HEW	1970
Graceland Col	HEW	1971
Grand View Col	HEW	1972
Grinnell Col	HEW	1971
Iowa Central Comm Col	HEW	1970
Iowa State Univ	HEW	1971
Iowa Wesleyan Col	HEW	1971
Keokuk Comm Col	HEW	1971
Loras Col	HEW	1972
Luther Col	HEW	1971
Marshalltown Comm Col	HEW	1970
Marycrest Col	HEW	1970
Midwestern Col	HEW	1972
Morningside Col	HEW	1972
Mount Mercy Col	HEW	1972
Muscatine Comm Col	HEW	1970
North Iowa Area Comm Col	HEW	1970
Northwestern Col	HEW	1972
Ottumwa Heights Col	HEW	1970
Palmer Jr Col	HEW	1970
Parsons Col	HEW	1970
Simpson Col	HEW	1972
Sioux Empire Col	HEW	1970
St Ambrose Col	HEW	1972
Univ of Dubuque	HEW	1970
Univ of Iowa	HEW	1971
Univ of Northern Iowa	HEW	1972
Upper Iowa Univ	HEW	1970
Vennard Col	HEW	1970
Waldorf Col	HEW	1970
Wartburg Col	HEW	1972
Webster City Jr Col	HEW	1971
Westmar Col	HEW	1972
William Penn Col	HEW	1970

Kansas

Allen County Comm Jr Col	HEW	1970
Baker Univ	HEW	1970
Barton County Comm Jr Col	HEW	1970
Bethany Col	HEW	1971
Bethel Col	HEW	1970
Central Col	HEW	1970
Cloud County Comm Jr Col	HEW	1970
Coffeyville Comm Jr Col	HEW	1970
Col of Emporia	HEW	1970
Colby Comm Jr Col	HEW	1970
Cowley County Comm Jr Col	HEW	1970
Dodge City Comm Jr Col	HEW	1970
Donnelly Col	HEW	1970
Fort Hays Kansas St Col	HEW	1972
Fort Scott Comm Jr Col	HEW	1970
Friends Bible Col	HEW	1970
Friends Univ	HEW	1970
Garden City Comm Jr Col	HEW	1970
Hesston Col	HEW	1970
Highland Comm Jr Col	HEW	1970
Hutchinson Comm Jr Col	HEW	1970
Independence Comm Jr Col	HEW	1971
Kansas City Comm Jr Col	HEW	1970
Kansas St Col	HEW	1971
Kansas St Tchrs Col	HEW	1972
Kansas State Univ	HEW	1972
Kansas Wesleyan Univ	HEW	1970
Labette Comm Jr Col	HEW	1970
Marymount Col	HEW	1970
McPherson Col	HEW	1972
Miltonvale Wesleyan Col	HEW	1970
Mount St Scholastica Col	HEW	1971
Neosho County Comm Jr Col	HEW	1970
Ottawa Univ	HEW	1970
Pratt Comm Jr Col	HEW	1970
Sacred Heart Col	HEW	1970
Schilling Institute	HEW	1970
Southwestern Col	HEW	1972
St Benedicts Col	HEW	1972
St Johns Col	HEW	1970
St Mary Col	HEW	1970
St Mary of the Plains Col	HEW	1970
Sterling Col	HEW	1970
Tabor Col	HEW	1970

Kansas (Continued)

Univ of Kansas	HEW	1971
Washburn Univ of Topeka	HEW	1972
Wichita St Univ	HEW	1972

Kentucky

Alice Lloyd Col	HEW	1970
Asbury Col	HEW	1970
Asbury Theol Sem	HEW	1970
Bellarmine Col	HEW	1971
Berea Col	HEW	1971
Brescia Col	HEW	1972
Campbellsville Col	HEW	1972
Catherine Spalding Col	HEW	1972
Centre Col of Kentucky	HEW	1972
Cumberland Col	HEW	1970
Eastern Kentucky Univ	HEW	1970
Georgetown Col	HEW	1970
Kentucky Southern Col	HEW	1970
Kentucky State Col	HEW	1972
Kentucky Wesleyan Col	HEW	1970
Lees Jr Col	HEW	1970
Midway Jr Col	HEW	1970
Morehead State Univ	HEW	1970
Murray St Univ	HEW	1970
Nazareth Col of Kentucky	HEW	1970
Paducah Jr Col	HEW	1970
Pikeville Col	HEW	1970
Southeastn Christian Col	HEW	1970
St Catharine Jr Col	HEW	1971
Transylvania Col	HEW	1970
Union Col	HEW	1970
Univ of Kentucky	HEW	1971
Univ of Louisville	HEW	1972
Ursuline Col	HEW	1970
Villa Madonna Col	HEW	1972
Western Kentucky Univ	HEW	1970

Louisiana

Centenary Col	HEW	1971
Delgado Col	HEW	1970
Dillard Univ	HEW	1972
Francis T Nicholls St Col	HEW	1971
Grambling Col	HEW	1972
Louisiana St Univ	HEW	1971
Louisiana Col	NSF	1970
Louisiana Poly Inst	HEW	1972
Loyola Univ	HEW	1972
McNeese St Col	HEW	1972
Northeast Louisiana St Col	HEW	1972
Northwestern St Col of La	HEW	1970
Southeastern Louisiana Col	HEW	1970
Southern Univ	HEW	1970
St Marys Dominican Col	HEW	1971
Tulane Univ	HEW	1971
Univ of Southwestern La	HEW	1970
Xavier Univ	HEW	1970

Maine

Aroostoock St Col	HEW	1970
Bates Col	HEW	1970
Bowdoin Col	HEW	1972
Colby Col	HEW	1972
Farmington St Col	HEW	1970
Fort Kent St Col	HEW	1970
Gorham St Col	HEW	1970
Husson Col	HEW	1970
Maine Maritime Academy	HEW	1970
Nasson Col	HEW	1970
Northern Conserv of Music	HEW	1970
Ricker Col	HEW	1972
St Francis Col	HEW	1970
St Josephs Col	HEW	1970
Thomas Col	HEW	1970
Univ of Maine	HEW	1970
Washington St Col	HEW	1970
Westbrook Jr Col	HEW	1970

Maryland

Allegany Comm Col	HEW	1970
Anne Arundel Comm Col	HEW	1970
Baltimore Jr Col	HEW	1970
Bowie St Col	HEW	1970
Catonsville Comm Col	HEW	1970
Charles County Comm Col	HEW	1970
Col of Notre Dame of Md	HEW	1970
Columbia Union Col	HEW	1970
Coppin St Col	HEW	1970
Essex Comm Col	HEW	1970
Frederick Comm Col	HEW	1970
Frostburg St Col	HEW	1971
Goucher Col	HEW	1972
Hagerstown Jr Col	HEW	1970
Harford Jr Col	HEW	1970
Hood Col	HEW	1972
Johns Hopkins Univ	HEW	1970
Loyola Col	HEW	1971
Maryland Inst Col of Art	HEW	1970
Montgomery Jr Col	HEW	1972

Maryland (Continued)

Morgan St Col	HEW	1971
Mt St Agnes Col	HEW	1970
Mt St Marys Col	HEW	1970
Ner Israel Rabbinical Col	HEW	1970
Peabody Inst of Baltimore	HEW	1970
Prince Georges Comm Col	HEW	1970
Salisbury St Col	HEW	1970
St Johns Col	HEW	1972
St Joseph Col	HEW	1970
St Marys Col of Maryland	HEW	1970
Towson St Col	HEW	1972
Univ of Maryland	HEW	1970
Villa Julie Col	HEW	1970
Washington Col	HEW	1972
Western Maryland Col	HEW	1970
Woodstock Col	HEW	1972
Xaverian Col	HEW	1970

Massachusetts

American Intl Col	HEW	1970
Amherst Col	HEW	1972
Anna Maria Col for Women	HEW	1970
Aquinas School	HEW	1970
Assumption Col	HEW	1970
Atlantic Union Col	HEW	1971
Augustinian Col Merrimack	HEW	1971
Babson Inst of Bus Admin	HEW	1970
Bay Path Jr Col	HEW	1970
Becker Jr Col	HEW	1970
Bentley Col of Acct & Fin	HEW	1970
Berkshire Christian Col	HEW	1970
Berkshire Comm Col	HEW	1970
Boston Architectural Ctr	HEW	1970
Boston Col	HEW	1970
Boston Conserv of Music	HEW	1970
Boston Univ	HEW	1972
Bradford Jr Col	HEW	1970
Brandeis Univ	NSF	1971
Cambridge School of Bus	HEW	1970
Cape Cod Comm Col	HEW	1970
Cardinal Cushing Col	HEW	1970
Clark Univ	NSF	1970
Col of Our Lady of Elms	HEW	1970
Col of the Holy Cross	NSF	1970
Curry Col	HEW	1970
Dean Jr Col	HEW	1970
Eastern Nazarene Col	HEW	1972
Emerson Col	HEW	1970
Emmanuel Col	DOD	1970
Endicott Jr Col	HEW	1970
Fisher Jr Col	HEW	1970
Forsyth Sch Dent Hygnsts	HEW	1970
Franklin Inst of Boston	DOD	1970
Garland Jr Col	HEW	1970
Gordon Col	HEW	1970
Greenfield Comm Col	HEW	1970
Hampshire Col	HEW	1970
Harvard Univ	HEW	1970
Hebrew Tchrs Col	HEW	1970
Holyoke Comm Col	HEW	1970
Lasell Jr Col	HEW	1970
Leicester Jr Col	HEW	1970
Lesley Col	HEW	1970
Lowell Technological Inst	DOD	1970
Mass Bay Comm Col	HEW	1970
Mass Col of Art	HEW	1970
Mass Col of Optometry	HEW	1970
Mass Col of Pharmacy	HEW	1971
Mass Inst of Tech	DOD	1970
Mt Holyoke Col	HEW	1970
Mount Ida Jr Col	HEW	1970
Mt Wachusett Comm Col	HEW	1970
New Engl Conserv of Music	HEW	1970
Newton Col Sacred Heart	HEW	1970
Newton Jr Col	HEW	1970
Nichols Col of Bus Admin	HEW	1970
North Shore Comm Col	HEW	1970
Northampton Commercial Col	HEW	1970
Northeastern Univ	HEW	1972
Northern Essex Comm Col	HEW	1970
Pine Manor Jr Col	HEW	1970
Quincy Jr Col	HEW	1970
Quinsigamond Comm Col	HEW	1970
Regis Col	DOD	1970
Simmons Col	HEW	1971
Smith Col	HEW	1972
Southeastern Comm Col	HEW	1970
South Shore Comm Col	HEW	1970
Southeastn Mass Tech Inst	HEW	1970
Springfield Col	HEW	1972
State Col at Boston	HEW	1971
State Col at Bridgewater	HEW	1971
State Col at Fitchburg	HEW	1970
State Col at Framingham	HEW	1970
State Col at Lowell	HEW	1970
State Col at North Adams	HEW	1970
State Col at Salem	HEW	1971
State Col at Westfield	HEW	1970
State Col at Worcester	HEW	1970

Massachusetts (Continued)

Stevens Business Col	HEW	1970
Stonehill Col	HEW	1970
Suffolk Univ	HEW	1971
Tufts Univ	HEW	1972
Univ of Massachusetts	HEW	1972
Wellesley Col	NSF	1971
Wentworth Inst	DOD	1970
Western New England Col	HEW	1972
Wheaton Col	NSF	1971
Wheelock Col	HEW	1970
Williams Col	HEW	1972
Woods Hole Ocean Inst	HEW	1970
Worcester Jr Col	HEW	1970
Worcester Polytech Inst	NSF	1970

Michigan

Adrian Col	HEW	1972
Albion Col	HEW	1972
Alma Col	HEW	1972
Alpena Comm Col	HEW	1970
Andrews Univ	HEW	1972
Aquinas Col	HEW	1970
Bay de Noc Comm Col	HEW	1970
Calvin Col	HEW	1972
Central Mich Univ	HEW	1972
Concordia Lutheran Jr Col	HEW	1971
Davenport Col of Bus	HEW	1970
De Lima Jr Col	HEW	1970
Delta Col	HEW	1971
Detroit Inst of Tech	HEW	1970
Eastern Michigan Univ	HEW	1970
Ferris St Col	HEW	1972
Flint Comm Jr Col	HEW	1970
Glen Oaks Comm Col	HEW	1970
Gogebic Comm Col	HEW	1970
Grand Rapids Bapt Col	HEW	1970
Grand Rapids Jr Col	HEW	1970
Grand Valley St Col	HEW	1971
Henry Ford Comm Col	HEW	1970
Highland Park Comm Col	HEW	1970
Hope Col	HEW	1972
Jackson Comm Col	HEW	1970
Kalamazoo Col	HEW	1972
Kellogg Comm Col	HEW	1970
Lake Michigan Col	HEW	1970
Lansing Comm Col	HEW	1970
Lawrence Inst of Tech	HEW	1970
Lewis Business Col	HEW	1970
Mackinac Col	HEW	1970
Macomb County Comm Col	HEW	1970
Madonna Col	HEW	1970
Marygrove Col	HEW	1971
Mercy Col of Detroit	HEW	1970
Merrill-Palmer Inst	HEW	1970
Mich Tech Univ	HEW	1972
Michigan Christian Jr Col	HEW	1970
Michigan Lutheran Col	HEW	1970
Michigan State Univ	HEW	1971
Monroe County Comm Col	HEW	1970
Montcalm County Comm Col	HEW	1970
Muskegon County Comm Col	HEW	1970
Nazareth Col	HEW	1971
North Central Mich Col	HEW	1971
Northern Michigan Univ	HEW	1972
Northwestern Mich Col	HEW	1970
Oakland Comm Col	HEW	1970
Oakland Univ	HEW	1971
Olivet Col	HEW	1970
Owosso Col	HEW	1970
Port Huron Jr Col	HEW	1970
Reformed Bible Inst	HEW	1970
Sacred Heart Sem	HEW	1970
Saginaw Valley Col	HEW	1972
Schoolcraft Col	HEW	1970
Siena Heights Col	HEW	1970
Southwestern Mich Col	HEW	1970
Spring Arbor Col	HEW	1971
Suomi Col	HEW	1970
Univ of Detroit	HEW	1972
Univ of Michigan	HEW	1970
Washtenaw Comm Col	HEW	1971
Wayne State Univ	HEW	1972
Western Mich Univ	HEW	1972

Minnesota

Anoka-Ramsey St Jr Col	HEW	1970
Augsburg Col	HEW	1972
Austin Jr Col	HEW	1970
Bemidji St Col	HEW	1972
Bethany Lutheran Col	HEW	1970
Bethel Col and Sem	HEW	1971
Brainerd Jr Col	HEW	1970
Carleton Col	HEW	1972
Col of St Benedict	HEW	1972
Col of St Catherine	HEW	1972
Col of St Scholastica	HEW	1970
Col of St Teresa	HEW	1972
Col of St Thomas	HEW	1972

Minnesota (Continued)

Concordia Col	HEW	1972
Concordia Col	HEW	1970
Corbett Col	HEW	1970
Crosier Sem	HEW	1970
Ely Jr Col	HEW	1970
Fergus Falls St Jr Col	HEW	1970
Gustavus Adolphus Col	HEW	1971
Hamline Univ	HEW	1971
Hibbing Jr Col	HEW	1970
Itasca Jr Col	HEW	1970
Lea College	HEW	1970
Macalester Col	HEW	1972
Mankato St Col	HEW	1971
Mesabi St Jr Col	HEW	1970
Metropolitan St Jr Col	HEW	1970
Minneapolis Sch of Art	HEW	1970
Moorhead St Col	HEW	1971
North Hennepin St Jr Col	HEW	1970
Rochester Jr Col	HEW	1970
Southwest St Col	HEW	1970
St Cloud St Col	HEW	1972
St Johns Univ	HEW	1972
St Marys Col	HEW	1970
St Marys Jr Col	HEW	1972
St Olaf Col	HEW	1972
Univ of Minnesota	HEW	1970
Willmar Comm Col	HEW	1970
Winona St Col	HEW	1971
Worthington Jr Col	HEW	1970

Mississippi

Alcorn Agr and Mech Col	HEW	1972
Belhaven Col	HEW	1970
Blue Mountain Col	HEW	1970
Coahoma Jr Col	HEW	1970
Copiah-Lincoln Jr Col	HEW	1970
Delta St Col	HEW	1970
East Central Jr Col	HEW	1970
East Miss Jr Col	HEW	1970
Hinds Jr Col	HEW	1970
Holmes Jr Col	HEW	1970
Itawamba Jr Col	HEW	1970
Jackson County Jr Col	HEW	1970
Jackson St Col	HEW	1972
Jefferson Davis Jr Col	HEW	1971
Jones County Jr Col	HEW	1970
Mary Holmes Jr Col	HEW	1970
Meridian Jr Col	HEW	1970
Millsaps Col	HEW	1972
Miss Delta Jr Col	HEW	1970
Miss Indus Col	HEW	1970
Miss St Col for Women	HEW	1972
Miss St Univ	HEW	1971
Miss Valley St Col	HEW	1970
Northeast Miss Jr Col	HEW	1970
Northwest Miss Jr Col	HEW	1970
Pearl River Jr Col	HEW	1970
Perkinston Jr Col	HEW	1970
Prentiss Norm & Ind Inst	HEW	1970
Rust Col	HEW	1970
Saints Jr Col	HEW	1970
Southwest Miss Jr Col	HEW	1970
T J Harris Jr Col	HEW	1970
Tougaloo Col	HEW	1972
Univ of Miss	HEW	1970
Univ of Southern Miss	HEW	1971
Utica Jr Col	HEW	1970
William Carey Col	HEW	1970
Wood Jr Col	HEW	1970

Missouri

Avila Col	HEW	1971
Central Bible Inst	HEW	1970
Central Methodist Col	HEW	1970
Central Missouri St Col	HEW	1970
Christian Col	HEW	1970
Concordia Seminary	HEW	1970
Cottey Col	HEW	1970
Crowder Col	HEW	1970
Culver-Stockton Col	HEW	1970
Drury Col	HEW	1972
Evangel Col	HEW	1970
Fontbonne Col	HEW	1970
Hannibal-La Grange Col	HEW	1970
Harris Tchrs Col	HEW	1970
Immaculate Conception Sem	HEW	1970
Jefferson County Col Dist	HEW	1970
Junior Col Dist St Louis	HEW	1970
Kansas City Art Inst	HEW	1970
Kansas City Col of Osteop	HEW	1970
Kemper Military Sch & Col	HEW	1970
Kirksville Col of Osteop	HEW	1970
Lincoln Univ	HEW	1970
Lindenwood Col for Women	HEW	1970
Maryville Col Sac Heart	HEW	1970
Mercy Jr Col	HEW	1970
Metropolitan Jr Col	HEW	1972
Mineral Area Jr Col Dist	HEW	1971
Missouri Southern Col	HEW	1970
Missouri Valley Col	HEW	1970
Missouri Western Jr Col	HEW	1970
Northeast Mo St Tchrs Col	HEW	1971

Missouri (Continued)

Northwest Missouri St Col	HEW	1971
Notre Dame Col	HEW	1971
Park Col	HEW	1970
Rockhurst Col	HEW	1970
School of the Ozarks	HEW	1970
Southeast Missouri St Col	HEW	1971
Southwest Baptist Col	HEW	1970
Southwest Missouri St Col	HEW	1972
St Louis Col of Pharmacy	HEW	1970
St Louis Univ	HEW	1970
St Marys Col of O'Fallon	HEW	1970
St Pauls Col	HEW	1970
Stephens Col	HEW	1970
Tarkio Col	HEW	1972
Three Rivers Jr Col	HEW	1970
Trenton Jr Col	HEW	1970
Univ of Missouri Columbia	HEW	1971
Univ of Missouri Ctrl Sys	HEW	1971
Univ of Missouri Kansas City	HEW	1971
Univ of Missouri Rolla	HEW	1971
Univ of Missouri St Louis	HEW	1971
Washington Univ	HEW	1972
Webster Col	HEW	1972
Westminster Col	HEW	1972
William Jewell Col	HEW	1972
William Woods Col	HEW	1970

Montana

Carroll Col	HEW	1970
Col of Great Falls	HEW	1970
Custer County Jr Col	HEW	1970
Dawson County Jr Col	HEW	1970
Eastern Montana Col	HEW	1970
Montana Col Mineral Sci	HEW	1972
Montana St Univ	Int	1970
Northern Montana Col	HEW	1970
Rocky Mountain Col	HEW	1970
Univ of Montana	HEW	1970
Western Montana Col	HEW	1970

Nebraska

Chadron St Col	HEW	1971
Col of St Mary	HEW	1971
Concordia Tchrs Col	HEW	1970
Creighton Univ	HEW	1970
Dana Col	HEW	1970
Doane Col	HEW	1971
Duchesne Col Sacred Heart	HEW	1970
Fairbury Jr Col	HEW	1970
Hastings Col	HEW	1972
John F Kennedy Col	HEW	1970
Kearney St Col	HEW	1970
McCook Jr Col	HEW	1970
Midland Lutheran Col	HEW	1970
Municipal Univ of Omaha	HEW	1970
Nebr Brd Educ St Nrml Col	NSF	1970
Nebraska Wesleyan Univ	HEW	1972
North Platte Jr Col	HEW	1970
Pershing Col	HEW	1970
Peru St Col	HEW	1970
Scottsbluff Col	HEW	1970
Union Col	HEW	1970
Univ of Nebraska	HEW	1972
Wayne St Col	HEW	1972
York Col	HEW	1970

Nevada

Univ of Nevada	Int.	1970

New Hampshire

Belknap Col	HEW	1970
Colby Jr Col	HEW	1970
Dartmouth Col	HEW	1972
Franconia Col	HEW	1970
Franklin Pierce Col	HEW	1970
Gunstock Jr Col	HEW	1970
Mt St Mary Col	HEW	1970
Nathaniel Hawthorne Col	HEW	1970
New England Col	HEW	1970
New Hampshire Tech Inst	HEW	1970
Notre Dame Col	HEW	1970
Rivier Col	HEW	1970
St Anselm's Col	HEW	1972
Univ of New Hampshire	DOD	1970

New Jersey

Alphonsus Col	HEW	1970
Archangel Col	HEW	1970
Assumption Col Sisters	HEW	1970
Atlantic Comm Col	HEW	1970
Beth Medrash Gevoha Amer	HEW	1970
Bloomfield Col	HEW	1970
Caldwell Col for Women	HEW	1970
Camden Cnty Col	HEW	1970
Centenary Col for Women	HEW	1970
Col of St Elizabeth	HEW	1970
Cumberland Cnty Col	HEW	1970
Drew Univ	HEW	1972
Fairleigh Dickinson Univ	HEW	1972
Georgian Court Col	HEW	1970
Glassboro St Col	HEW	1972
Immac Conception Jr Col	HEW	1970
Inst for Advanced Study	DOD	1970

New Jersey (Continued)

Jersey City St Col	HEW	1970
Mercer County Comm Col	HEW	1970
Middlesex County Col	HEW	1970
Monmouth Col	HEW	1971
Montclair St Col	HEW	1970
Mt St Mary Col	HEW	1970
N J Col of Med and Dent	HEW	1972
New Brunswick Theol Sem	HEW	1970
Newark Col of Eng	HEW	1972
Newark St Col	HEW	1971
Northeastern Col Bible Inst	HEW	1970
Ocean County Col	HEW	1970
Paterson St Col	HEW	1971
Princeton Theol Sem	HEW	1971
Princeton Univ	AEC	1970
Rider Col	HEW	1971
Rutgers St Univ	HEW	1972
Seton Hall Univ	HEW	1972
St Peters Col	HEW	1972
Stevens Inst of Tech	DOD	1970
Tombrock Col	HEW	1970
Trenton Jr Col	HEW	1972
Trenton St Col	HEW	1970
Union Jr Col	HEW	1970
Upsala Col	HEW	1970
Westminster Choir Col	HEW	1970

New Mexico

Col of Santa Fe	HEW	1970
Eastern New Mexico Univ	HEW	1971
New Mexico Inst Mining & Tech	DOD	1970
New Mexico Highlands Univ	HEW	1970
New Mexico Jr Col	HEW	1970
New Mexico St Univ	DOD	1970
Roswell Comm Col	HEW	1970
Univ of Albuquerque	HEW	1972
Univ of New Mexico	DOD	1970
Western New Mexico Univ	HEW	1972

New York

Adelphi Univ	HEW	1972
Adirondack Comm Col	HEW	1970
Agr & Tech Col Alfred	HEW	1972
Agr & Tech Col Canton	HEW	1970
Agr & Tech Col Cobleskill	HEW	1970
Agr & Tech Col Delhi	HEW	1970
Agr & Tech Col Farmingdale	HEW	1970
Agr & Tech Col Morrisville	HEW	1970
Albany Col of Pharmacy	HEW	1970
Albany Medical Col	HEW	1972
Alfred Univ	HEW	1971
Auburn Comm Col	HEW	1970
Bank Street Col of Educ	HEW	1970
Bard Col	HEW	1970
Barnard Col	HEW	1970
Bennett Col	HEW	1970
Brentwood Col	HEW	1970
Briarcliff Col	HEW	1970
Brooklyn Law School	HEW	1970
Broome Tech Comm Col	HEW	1970
Canisius Col	HEW	1971
Cazenovia Col	HEW	1970
Clarkson Col of Tech	HEW	1972
Col at Brockport	HEW	1970
Col at Buffalo	HEW	1970
Col at Cortland	HEW	1970
Col at Fredonia	HEW	1970
Col at Geneseo	HEW	1970
Col at New Paltz	HEW	1970
Col at Oneonta	HEW	1970
Col at Oswego	HEW	1970
Col at Plattsburgh	HEW	1970
Col at Potsdam	HEW	1970
Col Cntr of Finger Lakes	HEW	1972
Col of Forestry Syracuse	HEW	1972
Col of Insurance	HEW	1970
Col of Mt St Vincent	HEW	1970
Col of New Rochelle	HEW	1970
Col of Pharmaceutical Sci	HEW	1970
Col of St Rose	HEW	1972
Colgate Univ	HEW	1971
Columbia Univ	DOD	1970
Concordia Jr Col	HEW	1970
Cooper Union	HEW	1972
Cornell Univ	DOD	1970
Corning Comm Col	HEW	1970
CUNY Manhattan Comm Col	HEW	1970
CUNY Bronx Comm Col	HEW	1971
CUNY Brooklyn Col	HEW	1971
CUNY Central System	HEW	1971
CUNY City Col	HEW	1971
CUNY Hunter Col	HEW	1971
CUNY John Jay Col	HEW	1970
CUNY Kingsboro Comm Col	HEW	1970
CUNY N Y City Comm Col	HEW	1970
CUNY Queens Col	HEW	1971
CUNY Queensboro Comm Col	HEW	1970
CUNY Richmond Col	HEW	1970
CUNY Staten Is Comm Col	HEW	1970
D'Youville Col	HEW	1970
Dominican Col of Blauvelt	HEW	1970
Downstate Medical Ctr	HEW	1971
Dutchess Comm Col	HEW	1970
Elizabeth Seton Col	HEW	1970

New York (Continued)

Elmira Col	HEW	1972
Epiphany Apostolic Col	HEW	1970
Erie County Tech Inst	HEW	1972
Fashion Inst of Tech	HEW	1970
Finch Col	HEW	1970
Fordham Univ	HEW	1972
Fulton-Montgomery Comm Col	HEW	1970
Good Counsel Col	HEW	1970
Hamilton Col	HEW	1972
Hartwick Col	HEW	1970
Hobart and Wm Smith Cols	HEW	1971
Hofstra Univ	HEW	1972
Houghton Col	HEW	1972
Hudson Valley Comm Col	HEW	1971
Immaculata Col	HEW	1970
Iona Col	HEW	1972
Ithaca Col	HEW	1972
Jamestown Comm Col	HEW	1970
Jefferson Comm Col	HEW	1970
Jewish Theol Sem of Amer	HEW	1970
Juilliard School of Music	HEW	1970
Keuka Col	HEW	1972
Kings Col	HEW	1970
Kirkland Col	HEW	1970
Ladycliff Col	HEW	1970
LeMoyne Col	HEW	1970
Lewis Col of Podiatry	HEW	1970
Long Island Univ	HEW	1971
Manhattan Col	HEW	1971
Manhattan Sch of Music	HEW	1970
Manhattanville Col Sac Ht	HEW	1970
Mannes Col of Music	HEW	1970
Maria Col of Albany	HEW	1970
Maria Regina Col	HEW	1970
Marist Col	HEW	1970
Maritime Col	HEW	1970
Marymount Col	HEW	1970
Marymount Manhattan Col	HEW	1970
Mater Dei Col	HEW	1970
Mercy Col	HEW	1970
Mills Col of Educ	HEW	1970
Mohawk Valley Comm Col	HEW	1972
Molloy Catholic Col Women	HEW	1970
Monroe Comm Col	HEW	1970
Mt St Joseph Col	HEW	1970
Mt St Mary Col	HEW	1970
Nassau Comm Col	HEW	1970
Nazareth Col of Rochester	HEW	1972
New School for Social Res	HEW	1971
New York Col of Music	HEW	1970
New York Inst of Tech	HEW	1970
New York Law School	HEW	1970
New York Medical Col	HEW	1972
New York Univ	HEW	1970
Niagara County Comm Col	HEW	1970
Niagara Univ	HEW	1970
Notre Dame Col of Staten Is	HEW	1971
Onondaga Comm Col	HEW	1970
Orange County Comm Col	HEW	1970
Pace Col	HEW	1972
Parsons School of Design	HEW	1970
Paul Smiths Col Arts Sci	HEW	1970
Polytechnic Inst of Bklyn	DOD	1970
Pratt Inst	HEW	1971
Queen of the Apostles Col	HEW	1970
Rabbi Joseph Rabbincl Col	HEW	1970
Rabbinical Sem of America	HEW	1970
Rabbinicl Acad M R Berlin	HEW	1970
Rabbinicl Col Chsan Sofer	HEW	1970
RCA Inst	HEW	1970
Rensselaer Polytech Inst	NSF	1971
Roberts Wesleyan Col	HEW	1970
Rochester Inst of Tech	DOD	1970
Rockefeller Univ	HEW	1972
Rockland Comm Col	HEW	1970
Rosary Hill Col	HEW	1972
Russell Sage Col	HEW	1971
Sancta Maria Jr Col	HEW	1970
Sarah Lawrence Col	HEW	1972
Skidmore Col	HEW	1971
St Bernardine Siena Col	HEW	1970
St Bonaventure Univ	HEW	1972
St Clare Col	HEW	1970
St Francis Col	HEW	1970
St John Fisher Col	HEW	1972
St Johns Univ	HEW	1971
St Josephs Col for Women	HEW	1970
St Lawrence Univ	HEW	1972
St Thomas Aquinas Col	HEW	1970
St Vladimirs Theol Sem	HEW	1970
State Univ at Albany	HEW	1971
State Univ at Binghamton	HEW	1971
State Univ at Buffalo	HEW	1971
State Univ at Stony Brook	HEW	1971
Suffolk County Comm Col	HEW	1971
Sullivan County Comm Col	HEW	1970
Syracuse Univ	DOD	1970
Teachers Col	HEW	1970
Ulster County Comm Col	HEW	1970
Union Col	HEW	1972
Union Col & Univ-Ctrl Sys	HEW	1970
Univ of Rochester	DOD	1970
Upstate Medical Ctr	HEW	1971
Vassar Col	HEW	1971
Villa Maria Col Buffalo	HEW	1970
Voorhees Tech Inst	HEW	1970
Wadhams Hall	HEW	1970
Wagner Col	HEW	1970

New York (Continued)

Webb Inst of Naval Arch	HEW	1972
Wells Col	HEW	1972
Westchester Comm Col	HEW	1970
Yeshiva Univ	HEW	1970

North Carolina

A & T St Univ of N C	HEW	1972
Appalachian St Univ	HEW	1972
Asheville-Biltmore Col	HEW	1971
Atlantic Christian Col	HEW	1970
Barber-Scotia Col	HEW	1970
Belmont Abbey Col	HEW	1970
Bennett Col	HEW	1972
Brevard Col	HEW	1970
Campbell Col	HEW	1970
Catawba Col	HEW	1972
Central Piedmont Comm Col	HEW	1970
Chowan Col	HEW	1970
Col of The Albemarle	HEW	1970
Davidson Col	HEW	1970
Davidson County Comm Col	HEW	1970
Duke Univ	HEW	1971
East Carolina Univ	HEW	1971
Elizabeth City St Col	HEW	1970
Elon Col	HEW	1970
Fayetteville St Col	HEW	1972
Fayetteville Tech Inst	HEW	1970
Greensboro Col	HEW	1970
Guilford Col	HEW	1970
High Point Col	HEW	1970
Isothermal Comm Col	HEW	1970
Johnson C Smith Univ	HEW	1970
Kittrell Col	HEW	1970
Lees-McRae Col	HEW	1970
Lenoir County Comm Col	HEW	1970
Lenoir-Rhyne Col	HEW	1970
Livingstone Col	HEW	1972
Louisburg Col	HEW	1971
Mars Hill Col	HEW	1972
Meredith Col	HEW	1970
Methodist Col	HEW	1970
Mitchell Col	HEW	1970
Montreat-Anderson Col	HEW	1970
Mt Olive Jr Col	HEW	1970
N C Col Durham	HEW	1972
N C School of Arts	HEW	1970
N C St Univ at Raleigh	HEW	1970
N C Wesleyan Col	HEW	1970
Pembroke St Col	HEW	1970
Pfeiffer Col	HEW	1970
Pitt Technical Inst	HEW	1970
Queens Col	HEW	1971
Rockingham Comm Col	HEW	1970
Sacred Heart Jr Col	HEW	1970
Salem Col	HEW	1970
Sandhills Comm Col	HEW	1970
Shaw Univ	HEW	1970
Southeastern Comm Col	HEW	1970
Southern Pilgrim Col	HEW	1970
St Andrews Presby Col	HEW	1971
St Augustines Col	HEW	1972
St Marys Jr Col	HEW	1970
Surry Comm Col	HEW	1970
Univ of N C at Charlotte	HEW	1971
Univ of N C at Greensboro	HEW	1971
Univ of N C Central Sys	HEW	1971
Univ of N C Chapel Hill	HEW	1971
Wake Forest Univ	HEW	1971
Warren Wilson Col	HEW	1970
Western Carolina Col	HEW	1970
Western Piedmont Comm Col	HEW	1970
Wilkes Comm Col	HEW	1970
Wilmington Col	HEW	1972
Wingate Col	HEW	1970
Winston-Salem St Col	HEW	1970

North Dakota

Assumption Col	HEW	1970
Bismarck Jr Col	HEW	1970
Dickinson St Col	HEW	1972
Jamestown Col	HEW	1970
Lake Region Jr Col	HEW	1970
Mary Col	HEW	1970
Mayville St Col	HEW	1970
Minot St Col	HEW	1971
North Dakota Sch Forestry	HEW	1970
North Dakota St Sch Sci	HEW	1970
North Dakota St Univ	HEW	1972
Univ of North Dakota	HEW	1970
Valley City St Col	HEW	1970

Ohio

Antioch Col	DOD	1970
Ashland Col	HEW	1971
Baldwin-Wallace Col	HEW	1972
Bluffton Col	HEW	1971
Bowling Green St Univ	HEW	1970
Capital Univ	HEW	1972
Case-Western Reserve Univ	HEW	1972
Central St Univ	HEW	1972
Cleveland Inst of Music	HEW	1970

Ohio (Continued)

Cleveland St Univ	HEW	1972
Col Mt St Joseph-on-Ohio	HEW	1970
Col of Steubenville	HEW	1972
Col of Wooster	HEW	1971
Col St Mary of Springs	HEW	1970
Columbus Col Art & Design	HEW	1970
Cuyahoga Comm Col	HEW	1971
Defiance Col	HEW	1972
Denison Univ	HEW	1972
Dyke Col	HEW	1970
Findlay Col	HEW	1970
Franklin Univ	HEW	1970
Heidelberg Col	HEW	1971
Hiram Col	HEW	1972
John Carroll Univ	HEW	1972
Kent St Univ	HEW	1972
Kenyon Col	HEW	1972
Lake Erie Col	HEW	1971
Lorain County Comm Col	HEW	1970
Malone Col	HEW	1970
Marietta Col	HEW	1971
Mary Manse Col	HEW	1970
Miami Univ	HEW	1972
Mt Union Col	HEW	1971
Muskingum Col	HEW	1972
Notre Dame Col	HEW	1970
Oberlin Col	HEW	1972
Ohio Col of Applied Sci	HEW	1970
Ohio Col of Podiatry	HEW	1970
Ohio Northern Univ	HEW	1971
Ohio St Univ	HEW	1972
Ohio Tech Inst	HEW	1970
Ohio Univ	HEW	1972
Ohio Wesleyan Univ	HEW	1972
Otterbein Col	HEW	1972
Our Lady Cincinnati Col	HEW	1970
Rabbinical Col of Telshe	HEW	1970
Rio Grande Col	HEW	1970
Salmon P Chase Col of Law	HEW	1970
Sch of Dayton Art Inst	HEW	1970
Sinclair Col	HEW	1970
St John Col of Cleveland	HEW	1970
Tiffin Univ	HEW	1970
Univ of Akron	HEW	1972
Univ of Cincinnati	HEW	1970
Univ of Dayton	DOD	1970
Univ of Toledo	HEW	1970
Urbana Univ	HEW	1970
Ursuline Col for Women	HEW	1970
Walsh Col	HEW	1970
Western Col for Women	HEW	1970
Wilberforce Univ	HEW	1970
Wilmington Col	HEW	1970
Wittenberg Univ	HEW	1972
Xavier Univ	HEW	1971
Youngstown St Univ	HEW	1971

Oklahoma

Altus Jr Col	HEW	1970
Bacone Col	HEW	1970
Bethany-Nazarene Col	HEW	1971
Cameron St Agr Col	HEW	1970
Central Pilgrim Col	HEW	1970
Central St Col	HEW	1971
Connors St Agr Col	HEW	1970
East Central St Col	HEW	1970
Eastn Okla Agr & Mech Col	HEW	1970
El Reno Col	HEW	1970
Langston Univ	HEW	1971
Murray St Agr Col	HEW	1970
Northeastern Okla A&M Col	HEW	1970
Northeastern St Col	HEW	1970
Northern Oklahoma Col	HEW	1970
Northwestern St Col	HEW	1972
Okla Col of Liberal Arts	HEW	1970
Oklahoma Baptist Univ	HEW	1971
Oklahoma Christian Col	HEW	1970
Oklahoma City Univ	HEW	1970
Oklahoma Military Academy	HEW	1970
Oklahoma St Univ	HEW	1971
Oral Roberts Univ	HEW	1970
Panhandle Agr & Mech Col	HEW	1972
Phillips Univ	HEW	1970
Poteau Comm Col	HEW	1970
Sayre Jr Col	HEW	1970
Southeastern St Col	HEW	1972
Southwestern Col	HEW	1970
Southwestern St Col	HEW	1972
St Gregorys Col	HEW	1970
Univ of Oklahoma	HEW	1970
Univ of Tulsa	HEW	1972

Oregon

Blue Mountain Comm Col	HEW	1970
Cascade Col	HEW	1970
Central Oregon Comm Col	HEW	1971
Clackamus Comm Col	HEW	1970
Clatsop Comm Col	HEW	1970
Columbia Christian Col	HEW	1970
Concordia Col	HEW	1970
Eastern Oregon Col	HEW	1972

Oregon (Continued)

George Fox Col	HEW	1970
Lane Comm Col	HEW	1970
Lewis and Clark Col	HEW	1970
Linfield Col	HEW	1972
Marylhurst Col	HEW	1971
Mt Angel Col	HEW	1970
Mt Hood Comm Col	HEW	1970
Multnomah Col	HEW	1971
Museum Art School	HEW	1970
Oregon Col of Education	HEW	1970
Oregon St Univ	HEW	1970
Oregon Tech Inst	HEW	1972
Pacific Univ	HEW	1972
Portland Comm Col	HEW	1970
Portland State Col	HEW	1970
Reed Col	HEW	1971
Southern Oregon Col	HEW	1971
Southwestn Oregon Comm Col	HEW	1970
Treasure Valley Comm Col	HEW	1970
Umpqua Comm Col	HEW	1970
Univ of Oregon	HEW	1970
Univ of Portland	HEW	1972
Warner Pacific Col	HEW	1970
Willamette Univ	HEW	1972

Pennsylvania

Albright Col	HEW	1970
Allegheny Col	HEW	1972
Allegheny County Comm Col	HEW	1970
Allentown Col St Francis	HEW	1970
Alliance Col	HEW	1972
Alvernia Col	HEW	1970
Beaver Col	HEW	1972
Bloomsburg St Col	HEW	1970
Bryn Mawr Col	NSF	1971
Bucknell Univ	NSF	1970
Bucks County Comm Col	HEW	1970
Cabrini Col	HEW	1970
California St Col	HEW	1970
Carnegie-Mellon Univ	DOD	1970
Cedar Crest Col	HEW	1970
Chatham Col	HEW	1970
Chestnut Hill Col	HEW	1970
Cheyney St Col	HEW	1970
Christ Saviour Seminary	HEW	1970
Clarion St Col	HEW	1970
Col Misericordia	HEW	1970
Comm Col of Philadelphia	HEW	1970
Crozer Theol Seminary	HEW	1970
Del Valley Col Sci & Arg	HEW	1970
Dickinson Col	HEW	1972
Dickinson School of Law	HEW	1970
Drexel Inst of Tech	HEW	1970
Dropsie Col Hebr Cog Lrng	HEW	1970
Duquesne Univ	HEW	1971
East Stroudsbrg St Col	HEW	1971
Eastern Baptist Col	HEW	1970
Eastern Pilgrim Col	HEW	1970
Edinboro St Col	HEW	1970
Elizabethtown Col	HEW	1971
Ellen Cushing Jr Col	HEW	1970
Franklin and Marshall Col	NSF	1970
Gannon Col	HEW	1970
Geneva Col	HEW	1972
Gettysburg Col	HEW	1971
Gwynedd-Mercy Col	HEW	1970
Hahnemann Med Col & Hosp	HEW	1972
Harcum Jr Col	HEW	1970
Harrisburg Area Comm Col	HEW	1970
Haverford Col	HEW	1970
Holy Family Col	HEW	1972
Immaculata Col	HEW	1970
Indiana Univ of Pa	HEW	1970
Jefferson Med Col Phila	HEW	1972
Juniata Col	HEW	1972
Keystone Jr Col	HEW	1970
Kings Col	HEW	1970
Kutztown St Col	HEW	1970
La Roche Col	HEW	1970
Lafayette Col	HEW	1972
La Salle Col	HEW	1972
Lebanon Valley Col	HEW	1972
Lehigh Univ	NSF	1970
Lincoln Univ	HEW	1972
Lock Haven St Col	HEW	1970
Lycoming Col	HEW	1971
Manor Jr Col	HEW	1970
Mansfield St Col	HEW	1970
Marywood Col	HEW	1970
Mercyhurst Col	HEW	1971
Messiah Col	HEW	1971
Millersville St Col	HEW	1971
Montgomery Cnty Comm Col	HEW	1970
Moore Col of Art	HEW	1970
Moravian Col	HEW	1971
Mt Aloysius Jr Col	HEW	1970
Mt Mercy Col	HEW	1971
Muhlenburg Col	HEW	1970
Northeastn Christn Jr Col	HEW	1970
Our Lady of Angels Col	HEW	1970
Peirce Jr Col	HEW	1970
Pennsylvania Col Optometry	HEW	1970
Pennsylvania Col Podiatry	HEW	1970

Pennsylvania (Continued)

Pennsylvania St Univ	DOD	1970
Phila Col of Osteopathy	HEW	1970
Phila Col of Pharm & Sci	HEW	1971
Phila Col of Text & Sci	HEW	1970
Philadelphia Col of Art	HEW	1970
Philadelphia Col of Bible	HEW	1970
Philadelphia Musical Acad	HEW	1970
PMC Colleges	HEW	1971
Point Park Col	HEW	1970
Robert Morris Jr Col	HEW	1970
Rosemont Col	HEW	1970
Sacred Heart Jr Col	HEW	1970
Seton Hill Col	HEW	1970
Shippensburg St Col	HEW	1970
Slippery Rock St Col	HEW	1970
Spring Garden Inst	HEW	1970
St Fidelis Col & Sem	HEW	1970
St Francis Col	HEW	1972
St Josephs Col	HEW	1972
St Vincent Col	HEW	1970
Susquehanna Univ	HEW	1970
Swarthmore Col	NSF	1971
Temple Univ	HEW	1972
Thiel Col	HEW	1972
Univ of Pennsylvania	HEW	1970
Univ of Pittsburgh	HEW	1971
Univ of Scranton	HEW	1971
Ursinus Col	HEW	1972
Valley Forge Military Jr Col	HEW	1970
Villa Maria Col	HEW	1970
Villanova Univ	HEW	1970
Washington & Jeffersn Col	HEW	1970
Watson Sch of Physiatrics	HEW	1970
Waynesburg Col	HEW	1970
West Chester St Col	HEW	1970
Westminster Col	HEW	1971
Wilkes Col	HEW	1970
Williamsport Comm Col	HEW	1970
Wilson Col	HEW	1972
Womans Med Col of Pa	HEW	1972
York Jr Col	HEW	1970

Rhode Island

Barrington Col	HEW	1970
Brown Univ	DOD	1970
Bryant Col	HEW	1970
Johnson & Wales Jr Col Bus	HEW	1970
Mt St Joseph Col	HEW	1970
Providence Col	HEW	1971
Rhode Island Col	HEW	1971
Rhode Island Jr Col	HEW	1970
Rhode Island Sch Design	HEW	1970
Roger Williams Jr Col	HEW	1970
Salve Regina Col	HEW	1970
Seminary Our Lady of Prov	HEW	1970
Univ of Rhode Island	DOD	1970

South Carolina

Allen Univ	HEW	1970
Anderson Col	HEW	1970
Benedict Col	HEW	1970
Central Wesleyan Col	HEW	1970
Citadel Military Col S C	HEW	1971
Claflin Col	HEW	1970
Clemson Univ	HEW	1970
Coker Col	HEW	1970
Col of Charleston	HEW	1972
Columbia Col	HEW	1970
Converse Col	HEW	1970
Erskine Col	HEW	1972
Friendship Jr Col	HEW	1970
Furman Univ	HEW	1971
Greenville Tech Educ Ctr	HEW	1970
Lander Col	HEW	1970
Medical Col of S C	HEW	1971
Morris Col	HEW	1972
Newberry Col	HEW	1970
North Greenville Jr Col	HEW	1970
Orngbrg-Calhn Tech Educ Ctr	HEW	1970
Palmer Col	HEW	1970
Piedmont Tech Educ Ctr	HEW	1970
Presbyterian Col	HEW	1970
Rench-Darlington Tech Sch	HEW	1970
Richland Tech Educ Ctr	HEW	1970
South Carolina St Col	HEW	1971
Spartanburg Jr Col	HEW	1970
Sprtnbrg Cnty Tech Educ Ctr	HEW	1970
Sumter Area Tech Educ Ctr	HEW	1970
Univ of South Carolina	HEW	1972
Voorhees Col	HEW	1970
Winthrop Col	HEW	1972
Wofford Col	HEW	1970
York County Tech Educ Ctr	HEW	1970

South Dakota

Augustana Col	HEW	1972
Black Hills St Col	HEW	1972
Dakota Wesleyan Univ	HEW	1970
General Beadle St Col	HEW	1970
Huron Col	HEW	1970
Mt Marty Col	HEW	1971

South Dakota (Continued)

Northern St Col	HEW	1970
Presentation Col	HEW	1970
Sioux Falls Col	HEW	1972
South Dakota Sch Mines & Tech	Int.	1970
South Dakota St Univ	HEW	1972
Southern St Col	HEW	1970
Univ of South Dakota	HEW	1971
Yankton Col	HEW	1970

Tennessee

Austin Peay St Col	HEW	1970
Bethel Col	HEW	1970
Carson-Newman Col	HEW	1972
Chattanooga City Col	HEW	1970
Chattanooga St Tech Inst	HEW	1970
Christian Brothers Col	HEW	1972
Cleveland St Comm Col	HEW	1970
Columbia St Comm Col	HEW	1970
Covenant Col	HEW	1970
Cumberland Col of Tenn	HEW	1971
David Lipscomb Col	HEW	1970
East Tennessee St Univ	HEW	1972
Fisk Univ	HEW	1971
Freed-Hardeman Col	HEW	1970
George Peabody Col Tchrs	HEW	1972
Hiwassee Col	HEW	1970
Jackson St Comm College	HEW	1970
King Col	HEW	1972
Knoxville Col	HEW	1971
Lambuth Col	HEW	1970
Lane Col	HEW	1970
Lee Col	HEW	1972
Le Moyne Col	HEW	1970
Lincoln Memorial Univ	HEW	1970
Martin Col	HEW	1970
Maryville Col	HEW	1970
McKenzie Col	HEW	1970
Meharry Medical Col	HEW	1972
Memphis Academy of Arts	HEW	1970
Memphis St Univ	HEW	1971
Middle Tenn St Univ	HEW	1972
Milligan Col	HEW	1970
Morristown Col	HEW	1970
Owen Col	HEW	1970
Siena Col	HEW	1972
Southern Col of Optometry	HEW	1970
Southern Missionary Col	HEW	1972
Southwestern at Memphis	HEW	1971
Tenn Agr & Indust St Univ	HEW	1972
Tenn Technologl Univ	HEW	1970
Tenn Temple Col	HEW	1970
Tenn Wesleyan Col	HEW	1970
Trevecca Nazarene Col	HEW	1970
Tusculum Col	HEW	1970
Union Univ	HEW	1970
Univ of Chattanooga	HEW	1972
Univ of Tenn	HEW	1971
Univ of the South	HEW	1972
Vanderbilt Univ	HEW	1972
Wm Jennings Bryan Col	HEW	1970

Texas

Abilene Christian Col	HEW	1972
Allen Academy	HEW	1970
Alvin Jr Col	HEW	1970
Amarillo Col	HEW	1971
Angelina Col	HEW	1970
Angelo St Col	HEW	1970
Austin Col	HEW	1970
Baylor Univ	HEW	1970
Bee County Col	HEW	1970
Bishop Col	HEW	1972
Blinn Col	HEW	1970
Central Tex Union Jr Col	HEW	1970
Christian Col Southwest	HEW	1970
Christopher Col	HEW	1970
Cisco Jr Col	HEW	1970
Clarendon Col	HEW	1970
Concordia Lutheran Col	HEW	1970
Cooke County Jr Col	HEW	1970
Dallas Baptist Col	HEW	1970
Dallas County Jr Col Dist	HEW	1970
Del Mar Col	HEW	1970
East Texas Baptist Col	HEW	1970
East Texs St Univ	HEW	1972
El Centro College	HEW	1970
Fort Worth Christian Col	HEW	1970
Frank Phillips Col	HEW	1970
Grayson County Jr Col	HEW	1970
Hardin-Simmons Univ	HEW	1970
Henderson County Jr Col	HEW	1970
Hill Jr Col	HEW	1970
Houston Baptist Col	HEW	1970
Howard County Jr Col	HEW	1970
Howard Payne Col	HEW	1970
Huston-Tillotson Col	HEW	1971

Texas (Continued)

Incarnate Word Col	HEW	1971
Kilgore Col	HEW	1970
Lamar St Col of Tech	HEW	1971
Laredo Jr Col	HEW	1970
Lee Col	HEW	1970
LeTourneau Col	HEW	1970
Lon Morris Col	HEW	1970
Lubbock Christian Col	HEW	1970
M D Anderson Hospital	HEW	1971
Mary Hardin-Baylor Col	HEW	1970
McLennan Comm Col	HEW	1970
McMurry Col	HEW	1972
Midwestern Univ	HEW	1972
Navarro Jr Col	HEW	1970
North Texas St Univ	HEW	1970
Odessa Col	HEW	1970
Our Lady of the Lake Col	HEW	1970
Pan American Col	HEW	1971
Panola Col	HEW	1970
Paris Jr Col	HEW	1970
Paul Quinn Col	HEW	1970
Prairie View A&M Col	HEW	1970
Ranger Jr Col	HEW	1970
Rice Univ	DOD	1970
Sacred Heart Dominican Col	HEW	1970
Sam Houston St Col	HEW	1971
San Antonio Col	HEW	1970
San Jacinto Col	HEW	1970
Schreiner Inst	HEW	1970
South Plains Col	HEW	1970
South Texas Jr Col	HEW	1970
Southern Methodist Univ	HEW	1972
Southwest Texas Jr Col	HEW	1970
Southwest Texas St Col	HEW	1971
Southwestern Medical Sch	HEW	1972
Southwestern Union Col	HEW	1970
Southwestern Assemb God Col	HEW	1970
Southwestern Christian Col	HEW	1970
St Edwards Univ	HEW	1972
St Marys Univ San Antonio	HEW	1971
Stephen F Austin St Col	HEW	1972
Sul Ross St Col	HEW	1971
Tarleton St Col	HEW	1970
Tarrant County Jr Col	HEW	1970
Temple Jr Col	HEW	1970
Texarkana Col	HEW	1970
Texas A & M Univ Col Station	HEW	1971
Texas A & M Univ Ctrl Sys	HEW	1971
Texas Arts & Indust Univ	HEW	1972
Texas Christian Univ	HEW	1972
Texas Col	HEW	1970
Texas Lutheran Col	HEW	1971
Texas Southern Univ	HEW	1972
Texas Southmost Col	HEW	1970
Texas Technological Col	HEW	1970
Texas Wesleyan Col	HEW	1970
Texas Womans Univ	HEW	1972
Trinity Univ	HEW	1972
Tyler Jr Col	HEW	1970
Univ of Corpus Christi	HEW	1970
Univ of Dallas	HEW	1970
Univ of Houston	HEW	1972
Univ of St Thomas	HEW	1972
Univ of Texas Arlington	HEW	1970
Univ of Texas at Austin	HEW	1970
Univ of Texas at El Paso	HEW	1970
Univ of Texas Ctrl Sys	HEW	1970
Univ of Texas Medical Sch	HEW	1970
Wayland Baptist Col	HEW	1970
Weatherford Col	HEW	1970
West Texas St Univ	HEW	1970
Wharton County Jr Col	HEW	1970
Wiley Col	HEW	1970

Utah

Brigham Young Univ	HEW	1972
Dixie Col	HEW	1970
Univ of Utah	HEW	1970
Utah St Univ	Int	1970
Weber St Col	HEW	1971
Westminster Col	HEW	1970

Vermont

Bennington Col	HEW	1972
Castleton St Col	HEW	1972
Champlain Col	HEW	1970
Col of St Joseph the Prov	HEW	1970
Goddard Col	HEW	1970
Green Mountain Col	HEW	1970
Johnson St Col	HEW	1970
Lyndon St Col	HEW	1970
Marlboro Col	HEW	1970
Middlebury Col	HEW	1970
Norwich Univ	HEW	1972
St Michaels Col	HEW	1970
Trinity Col	HEW	1970
Univ of Vermont	HEW	1972
Vermont Col	HEW	1970
Vermont Tech Col	HEW	1970
Windham Col	HEW	1972

Virginia

Blue Ridge Comm Col	HEW	1970
Bridgewater Col	HEW	1972
Central Va Comm Col	HEW	1970
Col of William and Mary	DOD	1970
Eastern Mennonite Col	HEW	1970
Emory & Henry Col	HEW	1972
Ferrum Jr Col	HEW	1970
Hampden-Sydney Col	HEW	1972
Hampton Inst	HEW	1972
Hollins Col	HEW	1971
John Tyler Tech Col	HEW	1970
Longwood Col	HEW	1970
Lynchburg Col	HEW	1971
Madison Col	HEW	1972
Mary Baldwin Col	HEW	1970
Marymount Col of Virginia	HEW	1970
Northern Virginia Comm Col	HEW	1970
Old Dominion Col	HEW	1970
Radford Col	HEW	1970
Randolph-Macon Col	HEW	1971
Randolph-Macon Womans Col	HEW	1972
Roanoke Col	HEW	1972
Shenandoah Col	HEW	1970
Southwest Virginia Jr Col	HEW	1970
St Pauls Col	HEW	1970
Sullins Col	HEW	1970
Univ of Richmond	HEW	1972
Univ of Virginia	HEW	1971
Virginia Commonwealth Univ	HEW	1971
Virginia Military Inst	HEW	1971
Virginia Polytechnic Inst	HEW	1972
Virginia St Col	HEW	1972
Virginia Union Univ	HEW	1970
Virginia Wesleyan Col	HEW	1970
Virginia Western Comm Col	HEW	1970
Washington & Lee Univ	HEW	1972

Washington

Bellevue Comm Col	HEW	1970
Big Bend Comm Col	HEW	1970
Central Wash St Col	HEW	1970
Centralia Col	HEW	1970
Clark Col	HEW	1970
Clover Park Comm Col	HEW	1970
Columbia Basin Col	HEW	1970
Eastern Wash St Col	HEW	1972
Everett Jr Col	HEW	1970
Fort Wright Col Holy Names	HEW	1972
Gonzaga Univ	HEW	1972
Grays Harbor Col	HEW	1971
Green River Comm Col	HEW	1970
Highline Col	HEW	1970
Lower Columbia Col	HEW	1970
Northwest Col	HEW	1970
Olympic Col	HEW	1970
Pacific Lutheran Univ	HEW	1970
Peninsula Col	HEW	1970
Seattle Comm Col	HEW	1970
Seattle Pacific Col	HEW	1972
Seattle Univ	HEW	1971
Shoreline Comm Col	HEW	1970
Skagit Valley Col	HEW	1970
Spokane Comm Col	HEW	1970
St Martins Col	HEW	1972
Tacoma Comm Col	HEW	1970
Univ of Puget Sound	HEW	1972
Univ of Washington	HEW	1970
Walla Walla Col	HEW	1970
Walla Walla Comm Col	HEW	1970
Washington St Univ	HEW	1972
Wenatchee Valley Col	HEW	1970
Western Wash St Col	HEW	1972
Whitman Col	HEW	1971
Whitworth Col	HEW	1971
Yakima Valley Col	HEW	1971

West Virginia

Alderson-Broaddus Col	HEW	1971
Beckley Col	HEW	1970
Bethany Col	HEW	1972
Bluefield St Col	HEW	1970
Concord Col	HEW	1972
Davis & Elkins Col	HEW	1970
Fairmont St Col	HEW	1970
Glenville St Col	HEW	1970
Marshall Univ	HEW	1970
Morris Harvey Col	HEW	1971
Ohio Valley Col	HEW	1970
Salem Col	HEW	1970
Shepherd Col	HEW	1971
St Marys Hosp Sch of Nursing	HEW	1970
West Liberty St Col	HEW	1970
West Virginia Inst Tech	HEW	1970
West Virginia St Col	HEW	1972
West Virginia Univ	HEW	1972
West Virginia Wesleyan Col	HEW	1970
Wheeling Col	HEW	1970

Wisconsin

Alverno Col	HEW	1970
Barron County Tchrs Col	HEW	1970

Wisconsin (Continued)

Beloit Col	HEW	1972
Cardinal Stritch Col	HEW	1970
Carroll Col	HEW	1971
Carthage Col	HEW	1970
Columbia County Tchrs Col	HEW	1970
Concordia Col	HEW	1970
Dodge County Tchrs Col	HEW	1970
Dominican Col	HEW	1971
Edgewood Col Sacred Heart	HEW	1970
Holy Family Col	HEW	1970
Juneau County Tchrs Col	HEW	1970
Lakeland Col	HEW	1970
Lawrence Univ	HEW	1972
Layton Sch of Art	HEW	1970
Madison Voc Tech Sch	HEW	1970
Marian Col of Fond du Lac	HEW	1970
Marquette Univ	HEW	1970
Milton Col	HEW	1970
Milwaukee Inst of Tech	HEW	1970
Milwaukee Sch of Eng	HEW	1972
Mt Mary Col	HEW	1970
Mt Senario Col	HEW	1970
Mt St Paul Col	HEW	1970
Northland Col	HEW	1970
Racine-Kenosha Tchrs Col	HEW	1970
Richland County Tchrs Col	HEW	1970
Ripon Col	HEW	1972
Sauk County Tchrs Col	HEW	1970
St Lawrence Sem	HEW	1970
St Norbert Col	HEW	1970
Stout St Univ	HEW	1970
Taylor County Tchrs Col	HEW	1970
Univ of Wisc Madison	HEW	1971
Univ of Wisc Milwaukee	HEW	1971
Univ of Wisc Central Sys	HEW	1971
Univ of Wisc Ctr	HEW	1971
Vernon County Tchrs Col	HEW	1970
Viterbo Col	HEW	1970
Waushara County Tchrs Col	HEW	1970
Wisc Conservatory	HEW	1970
Wisc St Univ Central Sys	HEW	1970
Wisc St Univ Stevens Pnt	HEW	1970
Wisc St Univ Eau Claire	HEW	1970
Wisc St Univ La Crosse	HEW	1970
Wisc St Univ Oshkosh	HEW	1970
Wisc St Univ Platteville	HEW	1970
Wisc St Univ River Falls	HEW	1970
Wisc St Univ Superior	HEW	1970
Wisc St Univ Whitewater	HEW	1970

Wyoming

Casper Col	HEW	1970
Goshen County Comm Col	HEW	1970
Northern Wyoming Comm Col	HEW	1970
Northwest Comm Col	HEW	1970
Univ of Wyoming	Int.	1970
Western Wyoming Comm Col	HEW	1970

Guam

Col of Guam	Int.	1970

Puerto Rico

Catholic Univ of P R	HEW	1972
Col of the Sacred Heart	HEW	1970
Inter Amer Univ of P R	HEW	1972
Puerto Rico Jr Col	HEW	1970
Univ of P R Mayagüez	HEW	1972
Univ of P R Rio Piedras	HEW	1972
Univ of P R San Juan	HEW	1970

Virgin Islands

Col of Virgin Islands	Int.	1970

(No. A-88)

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET
WASHINGTON, D.C. 20503

June 17, 1970

CIRCULAR NO. A-87
Transmittal Memorandum No. 1

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Principles for determining costs applicable to grants and contracts with State and local governments

1. Purpose. This Transmittal Memorandum amends section J of Attachment A to Bureau of the Budget Circular No. A-87 dated May 9, 1968. It clarifies and expands on the assignments of responsibility for the negotiation, approval and audit of State and local government cost allocation plans.

2. Amendments. Section J.3. of Attachment A dated May 9, 1968, is rescinded and is replaced by the following sections, J.3. through J.6.:

"3. Instructions for preparation of cost allocation plans. The Department of Health, Education, and Welfare, in consultation with the other Federal agencies concerned, will be responsible for developing and issuing the instructions for use by State and local government grantees in preparation of cost allocation plans. This responsibility applies to both central support services at the State and local government level as well as indirect cost proposals of individual grantee departments.

"4. Negotiation and approval of indirect cost proposals for States.

a. The Department of Health, Education, and Welfare, in collaboration with the other Federal agencies concerned, will be responsible for negotiation, approval and audit of cost allocation plans, which will be submitted to it by the States. These plans will cover central support service costs of the State.

b. At the grantee department level in a State, a single Federal agency will have responsibility similar to that set forth in a. above for the negotiation, approval and audit of the indirect cost proposal. Cognizant Federal agencies have been designated for this purpose. Changes which may be required from time to time in agency assignments will be arranged by the Department of Health, Education, and Welfare in collaboration with the other interested agencies, and submitted to the Bureau of the Budget for final approval. A current list of agency assignments will be maintained by the Department of Health, Education, and Welfare.

c. Questions concerning the cost allocation plans approved under a. and b. above should be directed to the agency responsible for such approvals.

"5. Negotiation and approval of indirect cost proposals for local governments.

a. Cost allocation plans will be retained at the local government level for audit by a designated Federal agency except in those cases where that agency requests that cost allocation plans be submitted to it for negotiation and approval.

b. A list of cognizant Federal agencies assigned responsibility for negotiation, approval and audit of central support service cost allocation plans at the local government level is being developed. Changes which may be required from time to time in agency assignments will be arranged by the Department of Health, Education, and Welfare in collaboration with the other interested agencies, and submitted to the Bureau of the Budget for final approval. A current list of agency assignments will be maintained by the Department of Health, Education, and Welfare.

c. At the grantee department level of local governments, the Federal agency with the predominant interest in the work of the grantee department will be responsible for necessary negotiation, approval and audit of the indirect cost proposal.

"6. Resolution of problems. To the extent that problems are encountered among the Federal agencies in connection with 4. and 5. above, the Bureau of the Budget will lend assistance as required."

3. Effective date. This Transmittal Memorandum is effective immediately.

ROBERT P. MAYO
Director

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON, D.C. 20503

May 9, 1968

CIRCULAR NO. A-87

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Principles for determining costs applicable to grants and contracts with State and local governments

1. Purpose. This Circular promulgates principles and standards for determining costs applicable to grants and contracts with State and local governments. They are designed to provide the basis for a uniform approach to the problem of determining costs and to promote efficiency and better relationships between grantees and their Federal counterparts.

2. Coverage. This Circular applies to all Federal agencies responsible for administering programs that involve grants and contracts with State and local governments. However, it does not apply to grants and contracts with (a) publicly financed educational institutions subject to Bureau of the Budget Circular No. A-21, and (b) publicly owned hospitals and other providers of medical care subject to requirements promulgated by the sponsoring Federal agencies. Any other exceptions will be approved by the Bureau of the Budget in particular cases where adequate justification is presented.

3. Cost principles. The principles to be followed in determining costs are set forth in Attachment A. Standards with respect to the allowability of selected items of cost are set forth in Attachment B.

4. Effective date. The principles will be applied at the earliest practicable date but not later than January 1, 1969, with respect to State governments and January 1, 1970, with respect to local governments. This arrangement will permit prompt implementation in programs where that is possible, but also allow time for study and development of necessary procedures in more complex programs.

PHILLIP S. HUGHES
Acting Director

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(No. A-87)

PRINCIPLES FOR DETERMINING COSTS APPLICABLE TO GRANTS AND CONTRACTS WITH STATE AND LOCAL GOVERNMENTS

A. Purpose and scope.

1. Objectives. This Attachment sets forth principles for determining the allowable costs of programs administered by State and local governments under grants from and contracts with the Federal Government. The principles are for the purpose of cost determination and are not intended to identify the circumstances or dictate the extent of Federal and State or local participation in the financing of a particular grant. They are designed to provide that federally assisted programs bear their fair share of costs recognized under these principles, except where restricted or prohibited by law. No provision for profit or other increment above cost is intended.

2. Policy guides. The application of these principles is based on the fundamental premises that:

a. State and local governments are responsible for the efficient and effective administration of grant and contract programs through the application of sound management practices.

b. The grantee or contractor assumes the responsibility for seeing that federally assisted program funds have been expended and accounted for consistent with underlying agreements and program objectives.

c. Each grantee or contractor organization, in recognition of its own unique combination of staff facilities and experience, will have the primary responsibility for employing whatever form of organization and management techniques may be necessary to assure proper and efficient administration.

3. Application. These principles will be applied by all Federal agencies in determining costs incurred by State and local governments under Federal grants and cost reimbursement type contracts (including subgrants and subcontracts) except those with (a) publicly financed educational institutions subject to Bureau of the Budget Circular A-21, and (b) publicly owned hospitals and other providers of medical care subject to requirements promulgated by the sponsoring Federal agencies.

B. Definitions.

1. Approval or authorization of the grantor Federal agency means documentation evidencing consent prior to incurring specific cost.

2. Cost allocation plan means the documentation identifying, accumulating, and distributing allowable costs under grants and contracts together with the allocation methods used.

3. Cost, as used herein, means cost as determined on a cash, accrual, or other basis acceptable to the Federal grantor agency as a discharge of the grantee's accountability for Federal funds.

4. Cost objective means a pool, center, or area established for the accumulation of cost. Such areas include organizational units, functions, objects or items of expense, as well as ultimate cost objectives including specific grants, projects, contracts, and other activities.

5. Federal agency means any department, agency, commission, or instrumentality in the executive branch of the Federal Government which makes grants to or contracts with State or local governments.

6. Grant means an agreement between the Federal Government and a State or local government whereby the Federal Government provides funds or aid in kind to carry out specified programs, services, or activities. The principles and policies stated in this Circular as applicable to grants in general also apply to any federally sponsored cost reimbursement type of agreement performed by a State or local government, including contracts, subcontracts and subgrants.

7. Grant program means those activities and operations of the grantee which are necessary to carry out the purposes of the grant, including any portion of the program financed by the grantee.

8. Grantee means the department or agency of State or local government which is responsible for administration of the grant.

9. Local unit means any political subdivision of government below the State level.

10. Other State or local agencies means departments or agencies of the State or local unit which provide goods, facilities, and services to a grantee.

11. Services, as used herein, means goods and facilities, as well as services.

12. Supporting services means auxiliary functions necessary to sustain the direct effort involved in administering a grant program or an activity providing service to the grant program. These services may be centralized in the grantee department or in some other agency, and include procurement, payroll, personnel functions, maintenance and operation of space, data processing, accounting, budgeting, auditing, mail and messenger service, and the like.

C. Basic guidelines.

1. Factors affecting allowability of costs. To be allowable under a grant program, costs must meet the following general criteria:

a. Be necessary and reasonable for proper and efficient administration of the grant program, be allocable thereto under these principles, and, except as specifically provided herein, not be a general expense required to carry out the overall responsibilities of State or local governments.

b. Be authorized or not prohibited under State or local laws or regulations.

c. Conform to any limitations or exclusions set forth in these principles, Federal laws, or other governing limitations as to types or amounts of cost items.

d. Be consistent with policies, regulations, and procedures that apply uniformly to both federally assisted and other activities of the unit of government of which the grantee is a part.

e. Be accorded consistent treatment through application of generally accepted accounting principles appropriate to the circumstances.

f. Not be allocable to or included as a cost of any other federally financed program in either the current or a prior period.

g. Be net of all applicable credits.

2. Allocable costs.

a. A cost is allocable to a particular cost objective to the extent of benefits received by such objective.

b. Any cost allocable to a particular grant or cost objective under the principles provided for in this Circular may not be shifted to other Federal grant programs to overcome fund deficiencies, avoid restrictions imposed by law or grant agreements, or for other reasons.

c. Where an allocation of joint cost will ultimately result in charges to a grant program, an allocation plan will be required as prescribed in section J.

3. Applicable credits.

a. Applicable credits refer to those receipts or reduction of expenditure-type transactions which offset or reduce expense items allocable to grants as direct or indirect costs. Examples of such transactions are:

purchase discounts; rebates or allowances; recoveries or indemnities on losses; sale of publications, equipment, and scrap; income from personal or incidental services; and adjustments of overpayments or erroneous charges.

b. Applicable credits may also arise when Federal funds are received or are available from sources other than the grant program involved to finance operations or capital items of the grantee. This includes costs arising from the use or depreciation of items donated or financed by the Federal Government to fulfill matching requirements under another grant program. These types of credits should likewise be used to reduce related expenditures in determining the rates or amounts applicable to a given grant.

D. Composition of cost.

1. Total cost. The total cost of a grant program is comprised of the allowable direct cost incident to its performance, plus its allocable portion of allowable indirect costs, less applicable credits.

2. Classification of costs. There is no universal rule for classifying certain costs as either direct or indirect under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the grant or other ultimate cost objective. It is essential therefore that each item of cost be treated consistently either as a direct or an indirect cost. Specific guides for determining direct and indirect costs allocable under grant programs are provided in the sections which follow.

E. Direct costs.

1. General. Direct costs are those that can be identified specifically with a particular cost objective. These costs may be charged directly to grants, contracts, or to other programs against which costs are finally lodged. Direct costs may also be charged to cost objectives used for the accumulation of costs pending distribution in due course to grants and other ultimate cost objectives.

2. Application. Typical direct costs chargeable to grant programs are:

a. Compensation of employees for the time and effort devoted specifically to the execution of grant programs.

b. Cost of materials acquired, consumed, or expended specifically for the purpose of the grant.

c. Equipment and other approved capital expenditures.

d. Other items of expense incurred specifically to carry out the grant agreement.

e. Services furnished specifically for the grant program by other agencies, provided such charges are consistent with criteria outlined in Section G. of these principles.

F. Indirect costs.

1. General. Indirect costs are those (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. The term "indirect costs," as used herein, applies to costs of this type originating in the grantee department, as well as those incurred by other departments in supplying goods, services, and facilities, to the grantee department. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect cost within a grantee department or in other agencies providing services to a grantee department. Indirect cost pools should be distributed to benefiting cost objectives on bases which will produce an equitable result in consideration of relative benefits derived.

2. Grantee departmental indirect costs. All grantee departmental indirect costs, including the various levels of supervision, are eligible for allocation to grant programs provided they meet the conditions set forth in this Circular. In lieu of determining the actual amount of grantee departmental indirect cost allocable to a grant program, the following methods may be used:

a. Predetermined fixed rates for indirect costs. A predetermined fixed rate for computing indirect costs applicable to a grant may be negotiated annually in situations where the cost experience and other pertinent facts available are deemed sufficient to enable the contracting parties to reach an informed judgment (1) as to the probable level of indirect costs in the grantee department during the period to be covered by the negotiated rate, and (2) that the amount allowable under the predetermined rate would not exceed actual indirect cost.

b. Negotiated lump sum for overhead. A negotiated fixed amount in lieu of indirect costs may be appropriate under circumstances where the benefits derived from a grantee department's indirect services cannot be readily determined as in the case of small, self-contained or isolated activity. When this method is used, a determination should be made that the amount negotiated will be approximately the same as the actual indirect cost that may be incurred. Such amounts negotiated in lieu of indirect costs will be treated as an offset to total indirect expenses of the grantee department before allocation to remaining activities. The base on which such remaining expenses are allocated should be appropriately adjusted.

3. Limitation on indirect costs.

a. Federal grants may be subject to laws that limit the amount of indirect cost that may be allowed. Agencies that sponsor grants of this type will establish procedures which will assure that the amount actually allowed for indirect costs under each such grant does not exceed the maximum allowable under the statutory limitation or the amount otherwise allowable under this Circular, whichever is the smaller.

b. When the amount allowable under a statutory limitation is less than the amount otherwise allocable as indirect costs under this Circular, the amount not recoverable as indirect costs under a grant may not be shifted to another federally sponsored grant program or contract.

G. Cost incurred by agencies other than the grantee.

1. General. The cost of service provided by other agencies may only include allowable direct costs of the service plus a prorata share of allowable supporting costs (section B.12.) and supervision directly required in performing the service, but not supervision of a general nature such as that provided by the head of a department and his staff assistants not directly involved in operations. However, supervision by the head of a department or agency whose sole function is providing the service furnished would be an eligible cost. Supporting costs include those furnished by other units of the supplying department or by other agencies.

2. Alternative methods of determining indirect cost. In lieu of determining actual indirect cost related to a particular service furnished by another agency, either of the following alternative methods may be used provided only one method is used for a specific service during the fiscal year involved.

a. Standard indirect rate. An amount equal to ten percent of direct labor cost in providing the service performed by another State agency (excluding overtime, shift, or holiday premiums and fringe benefits) may be allowed in lieu of actual allowable indirect cost for that service.

b. Predetermined fixed rate. A predetermined fixed rate for indirect cost of the unit or activity providing service may be negotiated as set forth in section F.2.a.

H. Cost incurred by grantee department for others.

1. General. The principles provided in section G. will also be used in determining the cost of services provided by the grantee department to another agency.

J. Cost allocation plan.

1. General. A plan for allocation of costs will be required to support the distribution of any joint costs related to the grant program. All costs

included in the plan will be supported by formal accounting records which will substantiate the propriety of eventual charges.

2. Requirements. The allocation plan of the grantee department should cover all joint costs of the department as well as costs to be allocated under plans of other agencies or organizational units which are to be included in the costs of federally sponsored programs. The cost allocation plans of all the agencies rendering services to the grantee department, to the extent feasible, should be presented in a single document. The allocation plan should contain, but not necessarily be limited to, the following:

a. The nature and extent of services provided and their relevance to the federally sponsored programs.

b. The items of expense to be included.

c. The methods to be used in distributing cost.

3. Approval of cost allocation plan. The allocation plan for a given cost area or objective will serve all the Federal agencies involved.

a. At the State level, the Department of Health, Education, and Welfare will be responsible for the negotiation and approval of the cost allocation plans for central support services to grant programs. The approved plans will be accepted by other Federal agencies, unless an agency determines that the approved plan would result in significant inequitable or improper charges to programs for which it is responsible. The Department of Health, Education, and Welfare will collaborate with the other Federal agencies concerned in the development of guidance material concerning the cost allocation plan and in the negotiation and approval of the plan. It will also collaborate with the States concerning procedures for the administration of the cost allocation plan. The Department of Health, Education, and Welfare will be responsible for the audit of costs resulting from the cost allocation plan, the results of which will be accepted by other Federal agencies.

b. At the grantee department level in a State, and for local governments, Federal agencies will work towards the objective of designating a single Federal agency, the one with predominant interest, which will have responsibility similar to that set forth in a. above for the negotiation and approval of the cost allocation plan and for the audit of costs.

STANDARDS FOR SELECTED ITEMS OF COST

A. Purpose and applicability.

1. Objective. This Attachment provides standards for determining the allowability of selected items of cost.

2. Application. These standards will apply irrespective of whether a particular item of cost is treated as direct or indirect cost. Failure to mention a particular item of cost in the standards is not intended to imply that it is either allowable or unallowable, rather determination of allowability in each case should be based on the treatment of standards provided for similar or related items of cost. The allowability of the selected items of cost is subject to the general policies and principles stated in Attachment A of this Circular.

B. Allowable costs.

1. Accounting. The cost of establishing and maintaining accounting and other information systems required for the management of grant programs is allowable. This includes cost incurred by central service agencies for these purposes. The cost of maintaining central accounting records required for overall State or local government purposes, such as appropriation and fund accounts by the Treasurer, Comptroller, or similar officials, is considered to be a general expense of government and is not allowable.

2. Advertising. Advertising media includes newspapers, magazines, radio and television programs, direct mail, trade papers, and the like. The advertising costs allowable are those which are solely for:

a. Recruitment of personnel required for the grant program.

b. Solicitation of bids for the procurement of goods and services required.

c. Disposal of scrap or surplus materials acquired in the performance of the grant agreement.

d. Other purposes specifically provided for in the grant agreement.

3. Advisory councils. Costs incurred by State advisory councils or committees established pursuant to Federal requirements to carry out grant programs are allowable. The cost of like organizations is allowable when provided for in the grant agreement.

4. Audit service. The cost of audits necessary for the administration and management of functions related to grant programs is allowable.

5. Bonding. Costs of premiums on bonds covering employees who handle grantee agency funds are allowable.

6. Budgeting. Costs incurred for the development, preparation, presentation, and execution of budgets are allowable. Costs for services of a central budget office are generally not allowable since these are costs of general government. However, where employees of the central budget office actively participate in the grantee agency's budget process, the cost of identifiable services is allowable.

7. Building lease management. The administrative cost for lease management which includes review of lease proposals, maintenance of a list of available property for lease, and related activities is allowable.

8. Central stores. The cost of maintaining and operating a central stores organization for supplies, equipment, and materials used either directly or indirectly for grant programs is allowable.

9. Communications. Communication costs incurred for telephone calls or service, telegraph, teletype service, wide area telephone service (WATS), centrex, telpak (tie lines), postage, messenger service and similar expenses are allowable.

10. Compensation for personal services.

a. General. Compensation for personal services includes all remuneration, paid currently or accrued, for services rendered during the period of performance under the grant agreement, including but not necessarily limited to wages, salaries, and supplementary compensation and benefits (section B.13.). The costs of such compensation are allowable to the extent that total compensation for individual employees: (1) is reasonable for the services rendered, (2) follows an appointment made in accordance with State or local government laws and rules and which meets Federal merit system or other requirements, where applicable; and (3) is determined and supported as provided in b. below. Compensation for employees engaged in federally assisted activities will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the State or local government. In cases where the kinds of employees required for the federally assisted activities are not found in the other activities of the State or local government, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the employing government competes for the kind of employees involved. Compensation surveys providing data representative of the labor market involved will be an acceptable basis for evaluating reasonableness.

b. Payroll and distribution of time. Amounts charged to grant programs for personal services, regardless of whether treated as direct or indirect costs, will be based on payrolls documented and approved in accordance with generally accepted practice of the State or local agency. Payrolls must be supported by time and attendance or equivalent records for individual employees. Salaries and wages of employees chargeable to more than one grant program or other cost objective will be supported by appropriate time distribution records. The method used should produce an equitable distribution of time and effort.

11. Depreciation and use allowances.

a. Grantees may be compensated for the use of buildings, capital improvements, and equipment through use allowances or depreciation. Use allowances are the means of providing compensation in lieu of depreciation or other equivalent costs. However, a combination of the two methods may not be used in connection with a single class of fixed assets.

b. The computation of depreciation or use allowance will be based on acquisition cost. Where actual cost records have not been maintained, a reasonable estimate of the original acquisition cost may be used in the computation. The computation will exclude the cost or any portion of the cost of buildings and equipment donated or borne directly or indirectly by the Federal Government through charges to Federal grant programs or otherwise, irrespective of where title was originally vested or where it presently resides. In addition, the computation will also exclude the cost of land. Depreciation or a use allowance on idle or excess facilities is not allowable, except when specifically authorized by the grantor Federal agency.

c. Where the depreciation method is followed, adequate property records must be maintained, and any generally accepted method of computing depreciation may be used. However, the method of computing depreciation must be consistently applied for any specific asset or class of assets for all affected federally sponsored programs and must result in equitable charges considering the extent of the use of the assets for the benefit of such programs.

d. In lieu of depreciation, a use allowance for buildings and improvements may be computed at an annual rate not exceeding two percent of acquisition cost. The use allowance for equipment (excluding items properly capitalized as building cost) will be computed at an annual rate not exceeding six and two-thirds percent of acquisition cost of usable equipment.

e. No depreciation or use charge may be allowed on any assets that would be considered as fully depreciated, provided, however, that reasonable use charges may be negotiated for any such assets if warranted after taking into consideration the cost of the facility or item involved, the estimated useful life remaining at time of negotiation, the effect of any increased maintenance charges or decreased efficiency due to age, and any other factors pertinent to the utilization of the facility or item for the purpose contemplated.

12. Disbursing service. The cost of disbursing grant program funds by the Treasurer or other designated officer is allowable. Disbursing services cover the processing of checks or warrants, from preparation to redemption, including the necessary records of accountability and reconciliation of such records with related cash accounts.

13. Employee fringe benefits. Costs identified under a. and b. below are allowable to the extent that total compensation for employees is reasonable as defined in section B.10.

a. Employee benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, sick leave, court leave, military leave, and the like, if they are: (1) provided pursuant to an approved leave system, and (2) the cost thereof is equitably allocated to all related activities, including grant programs.

b. Employee benefits in the form of employers' contribution or expenses for social security, employees' life and health insurance plans, unemployment insurance coverage, workmen's compensation insurance, pension plans, severance pay, and the like, provided such benefits are granted under approved plans and are distributed equitably to grant programs and to other activities.

14. Employee morale, health and welfare costs. The costs of health or first-aid clinics and/or infirmaries, recreational facilities, employees' counseling services, employee information publications, and any related expenses incurred in accordance with general State or local policy, are allowable. Income generated from any of these activities will be offset against expenses.

15. Exhibits. Costs of exhibits relating specifically to the grant programs are allowable.

16. Legal expenses. The cost of legal expenses required in the administration of grant programs is allowable. Legal services furnished by the chief legal officer of a State or local government or his staff solely for the purpose of discharging his general responsibilities as legal officer are unallowable. Legal expenses for the prosecution of claims against the Federal Government are unallowable.

17. Maintenance and repair. Costs incurred for necessary maintenance, repair, or upkeep of property which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition, are allowable.

18. Materials and supplies. The cost of materials and supplies necessary to carry out the grant programs is allowable. Purchases made specifically for the grant program should be charged thereto at their actual prices after deducting all cash discounts, trade discounts, rebates, and allowances received by the grantee. Withdrawals from general stores or stockrooms should be charged at cost under any recognized method of pricing consistently applied. Incoming transportation charges are a proper part of material cost.

19. Memberships, subscriptions and professional activities.

a. Memberships. The cost of membership in civic, business, technical and professional organizations is allowable provided: (1) the benefit from the membership is related to the grant program, (2) the expenditure is for agency membership, (3) the cost of the membership is reasonably related to the value of the services or benefits received, and (4) the expenditure is not for membership in an organization which devotes a substantial part of its activities to influencing legislation.

b. Reference material. The cost of books, and subscriptions to civic, business, professional, and technical periodicals is allowable when related to the grant program.

c. Meetings and conferences. Costs are allowable when the primary purpose of the meeting is the dissemination of technical information relating to the grant program and they are consistent with regular practices followed for other activities of the grantee.

20. Motor pools. The costs of a service organization which provides automobiles to user grantee agencies at a mileage or fixed rate and/or provides vehicle maintenance, inspection and repair services are allowable.

21. Payroll preparation. The cost of preparing payrolls and maintaining necessary related wage records is allowable.

22. Personnel administration. Costs for the recruitment, examination, certification, classification, training, establishment of pay standards, and related activities for grant programs, are allowable.

23. Printing and reproduction. Cost for printing and reproduction services necessary for grant administration, including but not limited to forms, reports, manuals, and informational literature, are allowable. Publication costs of reports or other media relating to grant program accomplishments or results are allowable when provided for in the grant agreement.

24. Procurement service. The cost of procurement service, including solicitation of bids, preparation and award of contracts, and all phases of contract administration in providing goods, facilities and services for grant programs, is allowable.

25. Taxes. In general, taxes or payments in lieu of taxes which the grantee agency is legally required to pay are allowable.

26. Training and education. The cost of in-service training, customarily provided for employee development which directly or indirectly benefits grant programs is allowable. Out-of-service training involving extended periods of time is allowable only when specifically authorized by the grantor agency.

27. Transportation. Costs incurred for freight, cartage, express, postage and other transportation costs relating either to goods purchased, delivered, or moved from one location to another are allowable.

28. Travel. Travel costs are allowable for expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business incident to a grant program. Such costs may be charged on an actual basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip, and results in charges consistent with those normally allowed in like circumstances in nonfederally sponsored activities. The difference in cost between first-class air accommodations and less-than-first-class air accommodations is unallowable except when less-than-first-class air accommodations are not reasonably available.

C. Costs allowable with approval of grantor agency.

1. Automatic data processing. The cost of data processing services to grant programs is allowable. This cost may include rental of equipment or depreciation on grantee-owned equipment. The acquisition of equipment, whether by outright purchase, rental-purchase agreement or other method of purchase, is allowable only upon specific prior approval of the grantor Federal agency as provided under the selected item for capital expenditures.

2. Building space and related facilities. The cost of space in privately or publicly owned buildings used for the benefit of the grant program is allowable subject to the conditions stated below. The total cost of space, whether in a privately or publicly owned building, may not exceed the rental cost of comparable space and facilities in a privately owned building in the same locality. The cost of space procured for grant program usage may not be charged to the program for periods of nonoccupancy, without authorization of the grantor Federal agency.

a. Rental cost. The rental cost of space in a privately owned building is allowable.

b. Maintenance and operation. The cost of utilities, insurance, security, janitorial services, elevator service, upkeep of grounds, normal repairs and alterations and the like, are allowable to the extent they are not otherwise included in rental or other charges for space.

c. Rearrangements and alterations. Cost incurred for rearrangement and alteration of facilities required specifically for the grant program or those that materially increase the value or useful life of the facilities (section C.3.) are allowable when specifically approved by the grantor agency.

d. Depreciation and use allowances on publicly owned buildings. These costs are allowable as provided in section B.11.

e. Occupancy of space under rental-purchase or a lease with option-to-purchase agreement. The cost of space procured under such arrangements is allowable when specifically approved by the Federal grantor agency.

3. Capital expenditures. The cost of facilities, equipment, other capital assets, and repairs which materially increase the value or useful life of capital assets is allowable when such procurement is specifically approved by the Federal grantor agency. When assets acquired with Federal grant funds are (a) sold, (b) no longer available for use in a federally sponsored program, or (c) used for purposes not authorized by the grantor agency, the Federal grantor agency's equity in the asset will be refunded in the same proportion as Federal participation in its cost. In case any assets are traded on new items, only the net cost of the newly acquired assets is allowable.

4. Insurance and indemnification.

a. Costs of insurance required, or approved and maintained pursuant to the grant agreement, is allowable.

b. Costs of other insurance in connection with the general conduct of activities is allowable subject to the following limitations:

(1) Types and extent and cost of coverage will be in accordance with general State or local government policy and sound business practice.

(2) Costs of insurance or of contributions to any reserve covering the risk of loss of, or damage to, Federal Government property is unallowable except to the extent that the grantor agency has specifically required or approved such costs.

c. Contributions to a reserve for a self-insurance program approved by the Federal grantor agency are allowable to the extent that the type of coverage, extent of coverage, and the rates and premiums would have been allowed had insurance been purchased to cover the risks.

d. Actual losses which could have been covered by permissible insurance (through an approved self-insurance program or otherwise) are unallowable unless expressly provided for in the grant agreement. However, costs incurred because of losses not covered under nominal deductible insurance coverage provided in keeping with sound management practice, and minor losses not covered by insurance, such as spoilage, breakage and disappearance of small hand tools which occur in the ordinary course of operations, are allowable.

e. Indemnification includes securing the grantee against liabilities to third persons and other losses not compensated by insurance or otherwise. The Government is obligated to indemnify the grantee only to the extent expressly provided for in the grant agreement, except as provided in d. above.

5. Management studies. The cost of management studies to improve the effectiveness and efficiency of grant management for ongoing programs is allowable except that the cost of studies performed by agencies other than the grantee department or outside consultants is allowable only when authorized by the Federal grantor agency.

6. Preagreement costs. Costs incurred prior to the effective date of the grant or contract, whether or not they would have been allowable thereunder if incurred after such date, are allowable when specifically provided for in the grant agreement.

7. Professional services. Cost of professional services rendered by individuals or organizations not a part of the grantee department is allowable subject to such prior authorization as may be required by the Federal grantor agency.

8. Proposal costs. Costs of preparing proposals on potential Federal Government grant agreements are allowable when specifically provided for in the grant agreement.

D. Unallowable costs.

1. Bad debts. Any losses arising from uncollectible accounts and other claims, and related costs, are unallowable.

2. Contingencies. Contributions to a contingency reserve or any similar provision for unforeseen events are unallowable.

3. Contributions and donations. Unallowable.

4. Entertainment. Costs of amusements, social activities, and incidental costs relating thereto, such as meals, beverages, lodgings, rentals, transportation, and gratuities, are unallowable.

5. Fines and penalties. Costs resulting from violations of, or failure to comply with Federal, State and local laws and regulations are unallowable.

6. Governor's expenses. The salaries and expenses of the Office of the Governor of a State or the chief executive of a political subdivision are considered a cost of general State or local government and are unallowable.

7. Interest and other financial costs. Interest on borrowings (however represented), bond discounts, cost of financing and refinancing operations, and legal and professional fees paid in connection therewith, are unallowable except when authorized by Federal legislation.

8. Legislative expenses. Salaries and other expenses of the State legislature or similar local governmental bodies such as county supervisors, city councils, school boards, etc., whether incurred for purposes of legislation or executive direction, are unallowable.

9. Underrecovery of costs under grant agreements. Any excess of cost over the Federal contribution under one grant agreement is unallowable under other grant agreements.

Subpart 1-15.2—Principles and Procedures for Use in Cost-Reimbursement Type Supply and Research Contracts With Commercial Organizations

§ 1-15.201 Basic considerations.

§ 1-15.201-1 Composition of total cost.

The total cost of a contract is the sum of the allowable direct and indirect costs allocable to the contract, incurred or to be incurred, less any allocable credits. In ascertaining what constitutes costs, any generally accepted method of determining or estimating costs that is equitable under the circumstances may be used, including standard costs properly adjusted for applicable variances.

§ 1-15.201-2 Factors affecting allowability of costs.

Factors to be considered in determining the allowability of individual items of cost include (a) reasonableness, (b) allocability, (c) application of those generally accepted accounting principles and practices appropriate to the particular circumstances, and (d) any limitations or exclusions set forth in this Subpart 1-15.2, or otherwise included in the contract as to types or amounts of cost items.

§ 1-15.201-3 Definition of reasonableness.

A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by an ordinarily prudent person in the conduct of competitive business. The question of the reasonableness of specific costs must be scrutinized with particular care in connection with firms or separate divisions thereof which may not be subject to effective competitive restraints. What is reasonable depends upon a variety of considerations and circumstances involving both the nature and amount of the cost in question. In determining the reasonableness of a given cost, consideration shall be given to:

(a) Whether the cost is of a type generally recognized as ordinary and necessary for the conduct of the contractor's business or the performance of the contract;

(b) The restraints or requirements imposed by such factors as generally accepted sound business practices, arm's length bargaining, Federal and State laws and regulations, and contract terms and specifications;

(c) The action that a prudent business man would take in the circumstances, considering his responsibilities to the owners of the business, his employees, his customers, the Government, and the public at large; and

(d) Significant deviations from the established practices of the contractor which may unjustifiably increase the contract costs.

§ 1-15.201-4 Definition of allocability.

A cost is allocable if it is assignable or chargeable to a particular cost objective, such as a contract, product, product line, process, or class of customer or activity, in accordance with the relative benefits received or other equitable relationship. Subject to the foregoing, a cost is allocable to a Government contract if it:

(a) Is incurred specifically for the contract;

(b) Benefits both the contract and other work, or both Government work and other work, and can be distributed to them in reasonable proportion to the benefits received; or

(c) Is necessary to the overall operation of the business, although a direct relationship to any particular cost objective cannot be shown.

§ 1-15.201-5 Credits.

The applicable portion of any income, rebate, allowance, and other credit relating to any allowable cost, received by or accruing to the contractor, shall be credited to the Government either as a cost reduction or by cash refund, as appropriate.

§ 1-15.202 Direct costs.

(a) A direct cost is any cost which can be identified specifically with a particular cost objective. Direct costs are not limited to items which are incorporated in the end product as material or labor. Costs identified specifically with the contract are direct costs of the contract and are to be charged directly thereto. Costs

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identified specifically with other work of the contractor are direct costs of that work and are not to be charged to the contract directly or indirectly. When items ordinarily chargeable as indirect costs are charged to Government work as direct costs, the cost of like items applicable to other work of the contractor must be eliminated from indirect costs allocated to Government work.

(b) This definition shall be applied to all items of cost of significant amount unless the contractor demonstrates that the application of any different current practice achieves substantially the same results. Direct cost items of minor amount may be distributed as indirect costs as provided in § 1-15.203.

§ 1-15.203 Indirect costs.

(a) An indirect cost is one which, because of its incurrence for common or joint objectives, is not readily subject to treatment as a direct cost. Minor direct cost items may be considered to be indirect costs for reasons of practicality. After direct costs have been determined and charged directly to the contract or other work as appropriate, indirect costs are those remaining to be allocated to the several classes of work.

(b) Indirect costs shall be accumulated by logical cost groupings with due consideration of the reasons for incurring the costs. Each grouping should be determined so as to permit distribution of the grouping on the basis of the benefits accruing to the several cost objectives. Commonly, manufacturing overhead, selling expenses, and general and administrative expenses are separately grouped. Similarly, the particular case may require subdivisions of these groupings, e.g., building occupancy costs might be separable from those of personnel administration within the manufacturing overhead group. The number and composition of the groupings should be governed by practical considerations and should be such as not to complicate unduly the allocation where substantially the same results are achieved through less precise methods.

(c) Each grouping shall be distributed to the appropriate cost objectives. This necessitates the selection of a distribution base common to all cost objectives to which the grouping is to be allocated. The base should be selected so as to permit allocation of the grouping on the basis of the benefits accruing to the several cost objectives. This principle for selection is not to be applied so rigidly as to complicate unduly the allocation where substantially the same results are achieved through less precise methods. Once an appropriate base for the distribution of indirect costs has been accepted, such base shall not be fragmented by the removal of individual elements. Consequently, all items properly includable in an indirect cost base should bear a pro rata share of indirect costs irrespective of their acceptance as Government contract costs. For example, when a cost of sales base is deemed appropriate for the distribution of general and administrative (G&A) costs, all items chargeable to cost of sales, whether allowable or unallowable, shall be included in the base and bear their pro rata share of G&A costs.

(d) The method of allocation of indirect costs must be based on the particular circumstances involved. The method shall be in accord with those generally accepted accounting principles which are applicable in the circumstances. The contractor's established practices, if in accord with such accounting principles, shall generally be acceptable. However, the method used by the contractor may require examination or reexamination when:

(1) Any substantial difference occurs between the cost patterns of work under the contract and other work of the contractor;

(2) Any significant change occurs in the nature of the business, the extent of subcontracting, fixed asset improvement programs, the inventories, the volume of sales and production, manufacturing processes, the contractor's products, or other relevant circumstances; or

(3) Indirect cost groupings developed for a contractor's primary location are applied to offsite locations. Separate cost groupings for costs allocable to offsite locations may be necessary to permit equitable distribution of costs on the basis of the benefits accruing to the several cost objectives.

(e) A base period for allocation of indirect costs is the period during which such costs are incurred and accumulated for distribution to work performed in that period. Normally, the base period will be the contractor's fiscal year; however, use of a shorter period may be appropriate in case of (1) contracts whose performance involves only a minor portion of the fiscal year, or (2) where it is general practice in the industry to use a shorter period. In any event the base period or periods shall be so selected as to avoid inequities in the allocation of costs. When the contract is performed over an extended period of time, as many such base periods will be used as will be required to represent the period of contract performance.

(f) Special care should be exercised in applying the principles in paragraphs (b), (c), and (d) of this section when Government-owned contractor operated (GOCO) plants are involved. The distribution of corporate, division, or branch office general and administration expenses to such plants when they operate with little or no dependence on corporate administrative activities, may require more precise cost groupings, detailed accounts screening, and carefully developed distribution bases.

§ 1-15.201 Application of principles and procedures.

(a) Costs shall be allowed to the extent that they are reasonable (see § 1-15.201-3), allocable (see § 1-15.201-4), and determined to be allowable in view of the other factors set forth in §§ 1-15.201-2 and 1-15.205. These criteria apply to all of the selected items of cost which follow, notwithstanding that particular guidance is provided in connection with certain specific items for emphasis or clarity.

(b) Costs incurred as reimbursements to a subcontractor under a cost-reimbursement type subcontract of any tier above the first fixed-price subcontract are allowable to the extent that allowance is consistent with the subpart of this Part 1-15 which is appropriate to the subcontract involved. Thus, if the subcontract is for supplies, such costs are allowable to the extent that the subcontractor's costs would be allowable if this Subpart 1-15.2 were incorporated in the subcontract; if the subcontract is for construction, such costs are allowable to the extent that the subcontractor's costs would be allowable if Subpart 1-15.4 were incorporated in the subcontract.

(c) Selected items of cost are treated in § 1-15.205. However, § 1-15.205 does not cover every element of cost and every situation that might arise in a particular case. Failure to treat any item of cost in § 1-15.205 is not intended to imply that it is either allowable or unallowable. With respect to all items, whether or not specifically covered, determination of allowability shall be based on the principles and standards set forth in this subpart and, where appropriate, the treatment of similar or related selected items.

§ 1-15.205 Selected costs.

§ 1-15.205-1 Advertising costs.

(a) Advertising costs mean the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television programs, direct mail, trade papers, outdoor advertising, dealer cards and window displays, conventions, exhibits, free goods and samples, and the like.

(b) The only advertising costs allowable are those which are solely for (1) the recruitment of personnel required for the performance by the contractor of obligations arising under the contract, when considered in conjunction with all other recruitment costs, as set forth in § 1-15.205-33; (2) the procurement of scarce items for the performance of the contract; or (3) the disposal of scrap or surplus materials acquired in the performance of the contract. Costs of this nature, if incurred for more than one Government contract or for both Government work and other work of the contractor, are allowable to the extent that the principles in §§ 1-15.201-3, 1-15.201-4, and 1-15.203 are observed.

(c) Advertising costs other than those specified above are not allowable.

§ 1-15.205-2 Bad debts.

Bad debts, including losses (whether actual or estimated), due to uncollectible customers' accounts and other claims, related collection costs, and related legal costs, arising from other business of the contractor, are unallowable.

§ 1-15.205-3 Bidding costs.

Bidding costs are the costs of preparing bids or proposals on potential Government and non-Government contracts or projects, including the development of engineering data and cost data necessary to support the contractor's bids or proposals. Bidding costs of the current accounting period of both successful and unsuccessful bids and proposals normally will be treated as allowable indirect costs, in which event no bidding costs of past accounting periods shall be allowable in the current period to the Government contract. However, if the contractor's established practice is to treat bidding costs by some other method, the results obtained may be accepted only if found to be reasonable and equitable.

§ 1-15.205-4 Bonding costs.

(a) Bonding costs arise when the Government requires assurance against financial loss to itself or others by reason of the act or default of the contractor. They arise also in instances where the contractor requires similar assurance. Included are such bonds as bid, performance, payment, advance payment, infringement, and fidelity bonds.

(b) Costs of bonding required pursuant to the terms of the contract are allowable.

(c) Costs of bonding required by the contractor in the general conduct of his business are allowable to the extent that such bonding is in accordance with sound business practice and the rates and premiums are reasonable under the circumstances.

§ 1-15.205-5 Civil defense costs.

(a) Civil defense costs are those incurred in planning for, and the protection of life and property against, the possible effects of enemy attack. Reasonable costs of civil defense measures (including costs in excess of normal plant protection costs, first-aid training and supplies, fire fighting training and equipment, posting of additional exit notices and directions, and other approved civil defense measures) undertaken on the contractor's premises pursuant to suggestions or requirements of civil defense authorities are allowable when allocated to all work of the contractor.

(b) Costs of capital assets under (a) above are allowable through depreciation in accordance with § 1-15.205-9.

(c) Contributions to local civil defense funds and projects are unallowable.

§ 1-15.205-6 Compensation for personal services.

(a) *General.*

(1) Compensation for personal services includes all remuneration paid currently or accrued, in whatever form and whether paid immediately or deferred, for services rendered by employees to the contractor during the period of contract performance. It includes, but is not limited to, salaries, wages, directors' and executive committee members' fees, bonuses (including stock bonuses), incentive awards, employee stock options, employee insurance, fringe benefits, and contributions to pension, annuity, and management employee incentive compensation plans. Except as otherwise specifically provided in this § 1-15.205-6, such costs are allowable to the extent that the total compensation of individual employees is reasonable for the services rendered and they are not in excess of those costs which are allowable by the Internal Revenue Code and regulations thereunder.

(2) Compensation is reasonable to the extent that the total amount paid or accrued is commensurate with compensation paid under the contractor's established policy and conforms generally to compensation paid by other firms of the same size, in the same industry, or in the same geographic area, for similar services. In the administration of this principle, it is recognized that not every compensation case need be subjected in detail to the above tests. Such tests need be applied only to those cases in which a general review reveals amounts or types of compensation which appear unreasonable or otherwise out of line. However, certain conditions give rise to the need for special consideration and possible limitation as to allowability for contract cost purposes where amounts appear excessive. Among such conditions are the following:

(i) Compensation to owners of closely held corporations, partners, sole proprietors, or members of the immediate families thereof, or to persons who are contractually committed to acquire a substantial financial interest in the contractor's enterprise. Determination should be made that such compensation is reasonable for the actual personal services rendered rather than a distribution of profits.

(ii) Any change in a contractor's compensation policy resulting in a substantial increase in the contractor's level of compensation, particularly when it was concurrent with an increase in the ratio of Government contracts to other business, or any change in the treatment of allowability of specific types of compensation due to changes in Government policy.

(iii) The contractor's business is such that his compensation levels are not subject to the restraints normally occurring in the conduct of competitive business.

(3) Compensation in lieu of salary for services rendered by partners and sole proprietors will be allowed to the extent that it is reasonable and does not constitute a distribution of profits.

(4) Notwithstanding any other provisions of this § 1–15.205–6, costs of compensation are not allowable to the extent that they result from provisions of labor-management agreements that, as applied to work in the performance of Government contracts, are determined to be unreasonable either because they are unwarranted by the character and circumstances of the work or because they are discriminatory against the Government. The application of the provisions of a labor-management agreement designed to apply to a given set of circumstances and conditions of employment (for example, work involving extremely hazardous activities or work not requiring recurrent use of overtime) is unwarranted when applied to a Government contract involving significantly different circumstances and conditions of employment (for example, work involving less hazardous activities or work continually requiring use of overtime). It is discriminatory against the Government if it results in individual personnel compensation (in whatever form or name) in excess of that being paid for similar non-Government work under comparable circumstances. Disallowance of costs will not be made under this subparagraph (4) unless:

(i) The contractor has been permitted an opportunity to justify the costs; and

(ii) Due consideration has been given to whether there are unusual conditions pertaining to the Government contract work which impose burdens, hardships, or hazards on the contractor's employees, for which compensation that might otherwise appear unreasonable is required to attract and hold necessary personnel.

(5) In addition to the general requirements set forth in (a) (1) through (4) of this § 1–15.205–6, certain forms of compensation are subject to further requirements as specified in (b) through (j) of this § 1–15.205–6.

(b) *Salaries and wages.* Salaries and wages for current services include gross compensation paid to employees in the form of cash, products, or services, and are allowable. However, premiums for overtime, extra-pay shifts, and multishift work are allowable to the extent approved pursuant to § 1–12.102–4 or permitted pursuant to § 1–12.102–5.

(c) *Cash bonuses and incentive compensation.* Incentive compensation for management employees, cash bonuses, suggestion awards, safety awards, and incentive compensation based on production, cost reduction, or efficient performance, are allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the contractor and the employees before the services were rendered, or pursuant to an established plan followed by the contractor so consistently as to imply, in effect, an agreement to make such payment. (But see § 1–15.107.) Bonuses, awards, and incentive compensation when any of them are deferred are allowable to the extent provided in (f) below.

(d) *Bonuses and incentive compensation paid in stock.* Costs of bonuses and incentive compensation paid in the stock of the contractor or of an affiliate are allowable to the extent set forth in (c) above (including the incorporation of the principles of (f) below for deferred bonuses and incentive compensation), subject to the following additional requirements:

(1) Valuation placed on the stock transferred shall be the fair market value at the time of transfer, determined upon the most objective basis available; and

(2) Accruals for the cost of stock prior to the issuance of such stock to the employees shall be subject to adjustment according to the possibilities that the

employees will not receive such stock and their interest in the accruals will be forfeited.

Such costs otherwise allowable are subject to adjustment according to the principles set forth in (f)(3) below. (But see § 1-15.107.)

(e) *Stock options.* The cost of options to employees to purchase stock of the contractor or of an affiliate is unallowable.

(f) *Deferred compensation.*

(1) As used herein, deferred compensation includes all remuneration, in whatever form, for which the employee is not paid until after the lapse of a stated period of years or the occurrence of other events as provided in the plans, except that it does not include normal end of accounting period accruals. It includes (i) contributions to pension, annuity, stock bonus, and profit sharing plans, (ii) contributions to disability, withdrawal, insurance, survivorship, and similar benefit plans, and (iii) other deferred compensation, whether paid in cash or in stock.

(2) Deferred compensation is allowable to the extent that (i) except for past service pension and retirement costs, it is for services rendered during the contract period; (ii) it is, together with all other compensation paid to the employee, reasonable in amount; (iii) it is paid pursuant to an agreement entered into in good faith between the contractor and employees before the services are rendered, or pursuant to an established plan followed by the contractor so consistently as to imply, in effect, an agreement to make such payments; and (iv) for a plan which is subject to approval by the Internal Revenue Service, it falls within the criteria and standards of the Internal Revenue Code and the regulations of the Internal Revenue Service. (But see § 1-15.107.)

(3) In determining the cost of deferred compensation allowable under the contract, appropriate adjustments shall be made for credits or gains, including those arising out of both normal and abnormal employee turnover, or any other contingencies that can result in a forfeiture by employees of such deferred compensation. Adjustments shall be made only for forfeitures which directly or indirectly inure to the benefit of the contractor; forfeitures which inure to the benefit of other employees covered by a deferred compensation plan with no reduction in the contractor's costs will not normally give rise to adjustment in contract costs. Adjustments for normal employee turnover shall be based on the contractor's experience and on foreseeable prospects, and shall be reflected in the amount of cost currently allowable. Such adjustments will be unnecessary to the extent that the contractor can demonstrate that his contributions take into account normal forfeitures. Adjustments for possible future abnormal forfeitures shall be effected according to the following rules:

(i) Abnormal forfeitures that are foreseeable and which can be currently evaluated with reasonable accuracy, by actuarial or other sound computation shall be reflected by an adjustment of current costs otherwise allowable; and

(ii) Abnormal forfeitures, not within (i) above, may be made the subject of agreement between the Government and the contractor either as to an equitable adjustment or a method of determining such adjustment.

(4) In determining whether deferred compensation is for services rendered during the contract period or is for future services, consideration shall be given to conditions imposed upon eventual payment, such as, requirements of continued employment, consultation after retirement, and covenants not to compete.

(g) *Fringe benefits.* Fringe benefits are allowances and services provided by the contractor to his employees as compensation in addition to regular wages and salaries. Costs of fringe benefits, such as pay for vacations, holidays, sick leave, military leave, employee insurance, and supplemental unemployment benefit plans are allowable to the extent required by law, employer-employee agreement, or an established policy of the contractor.

(h) *Severance pay.* See § 1-15.205-39.

(i) *Training and education expenses.* See § 1-15.205-44.

(j) *Location allowances.* "Location allowances", sometimes called "supplemental pay" or "incentive pay", are allowable to the extent consistent with § 1-12.105.

SUBPART 1-15.2 PRINCIPLES AND PROCEDURES FOR USE IN COST-REIMBURSEMENT TYPE SUPPLY AND RESEARCH CONTRACTS WITH COMMERCIAL ORGANIZATIONS

§ 1-15-205-7 Contingencies.

(a) A contingency is a possible future event or condition arising from presently known or unknown causes, the outcome of which is indeterminable at a present time.

(b) In historical costing, contingencies are not normally present since such costing deals with costs which have been incurred and recorded on the contractor's books. Accordingly, contingencies are generally unallowable for historical costing purposes. However, in some cases, as for example, terminations, a contingency factor may be recognized which is applicable to a past period to give recognition to minor unsettled factors in the interest of expeditious settlement.

(c) In connection with estimates of future costs, contingencies fall into two categories:

(1) Those which may arise from presently known and existing conditions, the effects of which are foreseeable within reasonable limits of accuracy; e.g., anticipated costs of rejects and defective work; in such situations where they exist contingencies of this category are to be included in the estimates of future cost so as to provide the best estimate of performance costs; and

(2) Those which may arise from presently known or unknown conditions, the effect of which cannot be measured so precisely as to provide equitable results to the contractor and to the Government; e.g., results of pending litigation, and other general business risks. Contingencies of this category are to be excluded from cost estimates under the several items of cost, but should be disclosed separately, including the basis upon which the contingency is computed in order to facilitate the negotiation of appropriate contractual coverage (see, for example, §§ 1-15.205-16, 1-15.205-20, and 1-15.205-39).

§ 1-15.205-8 Contributions and donations.

Contributions and donations are unallowable.

§ 1-15.205-9 Depreciation.

(a) Depreciation is a charge to current operations which distributes the cost of a tangible capital asset, less estimated residual value, over the estimated useful life of the asset in a systematic and logical manner. It does not involve a process of valuation. Useful life has reference to the prospective period of economic usefulness in the particular contractor's operations as distinguished from physical life and shall be evidenced by the actual or estimated retirement and replacement practice of the contractor.

(b) Normal depreciation on a contractor's plant, equipment, and other capital facilities is an allowable element of contract cost provided the contractor is able to demonstrate that such costs are reasonable and properly allocable to the contract. Subject to paragraphs (c) through (h) of this § 1-15.205-9:

(1) Depreciation will ordinarily be considered reasonable if the contractor follows depreciation policies and procedures which:

(i) Are consistent with the policies and procedures he follows in the same cost center in connection with his business other than Government business;

(ii) Are reflected in his books of account and financial statements; and

(iii) Are used by him for Federal income tax purposes, and are acceptable for such purposes.

(2) Where the depreciation reflected on a contractor's books of account and financial statements differs from that used and acceptable for Federal income tax purposes, reimbursement shall be based upon the cost of the asset to the contractor, amortized over the estimated useful life of the property, using depreciation methods (straight line, sum of the years' digits, etc.) acceptable for income tax purposes. Allowable depreciation shall not exceed the amounts used for book and statement purposes and shall be determined in a manner consistent with the depreciation policies and procedures followed in the same cost center in connection with the contractor's business other than Government business.

(3) Depreciation for reimbursement purposes in the case of tax-exempt organizations shall be determined on the basis outlined in paragraph (b)(2) of this § 1-15.205-9.

(c) Special considerations are required for assets acquired prior to the effective date of this principle where, on the effective date of this principle, the undepreciated balance of such assets, resulting from depreciation policies and procedures used previously for Government contracts and subcontracts, is different from the undepreciated balance of such assets on the books and financial statements. Generally, the undepreciated balance for contract cost purposes shall be depreciated over the remaining life using the methods and lives followed for book purposes. The aggregate depreciation on any asset allowable after the effective date of this § 1-15.205-9 shall not exceed the cost basis of the asset less any depreciation allowed or allowable under prior procurement regulations.

(d) Depreciation should usually be allocated to the contract and other work as an indirect cost. The amount of depreciation allowed in any accounting period may, consistent with the basic objectives set forth in paragraph (a) of this § 1-15.205-9, vary with volume of production or use of multishift operations.

(e) No depreciation, rental, or use charge shall be allowed on property acquired at no cost from the Government by the contractor or by any division, subsidiary, or affiliate of the contractor under a common control.

(f) The depreciation on any item which meets the criteria for allowance at a "price" in accordance with § 1-15.205-22(e) may be based on such price, provided the same depreciation policies and procedures are used for costing purposes for all business of the using division, subsidiary, or organization under common control.

(g) No depreciation or rental shall be allowed on property fully depreciated by the contractor or by any division, subsidiary, or affiliate of the contractor under a common control; however, a reasonable charge for the use of fully depreciated property may be agreed upon and allowed (see § 1-15.107). In determining this charge, consideration should be given to cost, total estimated useful life at time of negotiation, effect of any increased maintenance charges or decreased efficiency due to age, and the amount of depreciation, if any, previously charged to Government contracts or subcontracts.

(h) For depreciation on idle facilities and idle capacity, see § 1-15.205-12.

§ 1-15.205-10 Employee morale, health, welfare, food service, and dormitory costs and credits.

(a) Employee morale, health, and welfare activities are those services or benefits provided by the contractor to its employees to improve working conditions, employer-employee relations, employee morale, and employee performance. Such activities include house publications, health or first-aid clinics, recreation, employee counseling services, and, for the purpose of this § 1-15.205-10, food and dormitory services. Food and dormitory services include operating or furnishing facilities for cafeterias, dining rooms, canteens, lunch wagons, vending machines, living accommodations or similar types of services for the contractor's employees at or near the contractor's facilities.

(b) Except as limited by paragraph (c) of this section, the aggregate of costs incurred on account of all activities mentioned in paragraph (a) of this section, less income generated by all such activities, is allowable to the extent that the net amount is reasonable.

(c) Losses from the operation of food and dormitory services may be included as costs incurred under paragraph (b) of this section only if the contractor's objective is to operate such services on a break-even basis. Losses sustained because food services or lodging accommodations are furnished without charge or at prices or rates which obviously would not be conducive to accomplishment of the above objective are not allowable, except as otherwise provided in this paragraph (c). A loss may be allowed to the extent the contractor can demonstrate that unusual circumstances exist (e.g., (1) where the contractor must provide food or dormitory services at remote locations where adequate commercial facilities are not reasonably available, or (2) where it is necessary to operate a facility at a lower volume than the facility could economically support) where, even with efficient management, operation of the services on a break-even basis would require charging inordinately high prices or prices or rates higher than those charged by commercial establishments offering the same services in the same geographical areas. Cost of food and dormitory services shall include an allocable share of indirect expenses pertaining to these activities.

(d) In those situations where the contractor has an arrangement authorizing an employee association to provide or operate a service such as vending machines in the contractor's plant, and retain the profits derived therefrom, such profits shall be treated in the same manner as if the contractor were providing the service (see paragraph (e) of this section).

(e) Contributions by the contractor to an employee organization, including funds set over from vending machine receipts or similar sources, may be included as costs incurred under paragraph (b) of this section, only to the extent that the contractor demonstrates that an equivalent amount of the costs incurred by the employee organization would be allowable if incurred by the contractor directly.

§ 1-15.205-11 Entertainment costs.

Costs of amusement, diversion, social activities and incidental costs relating thereto, such as meals, lodging, rentals, transportation, and gratuities, are unallowable (but see §§ 1-15.205-10 and 1-15.205-43).

§ 1-15.205-12 Idle facilities and idle capacity.

(a) As used in this section, the words and phrases defined in this paragraph (a) shall have the meanings set forth below.

(1) "Facilities" means plant or any portion thereof (inclusive of land integral to the operation); equipment individually or collectively; or any other tangible capital asset, wherever located, and whether owned or leased by the contractor.

(2) "Idle facilities" means completely unused facilities that are excess to the contractor's current needs (see paragraph (c) of this § 1-15.205-12).

(3) "Idle capacity" means the unused capacity of partially used facilities. It is the difference between that which a facility could achieve under 100 percent operating time on a one-shift basis less operating interruptions resulting from time lost for repairs, setups, unsatisfactory materials, and other normal delays, and the extent to which the facility was actually used to meet demands during the accounting period. A multiple shift basis may be used for evaluation purposes if it can be shown that this amount of usage could normally be expected for the type of facility involved.

(4) "Cost of idle facilities or idle capacity" means costs such as maintenance, repair, housing, rent, and other related costs, e.g., property taxes, insurance, and depreciation.

(b) The costs of idle facilities are unallowable except to the extent that:

(1) They are necessary to meet fluctuations in workload; or

(2) Although not necessary to meet fluctuations in workload, they were necessary when acquired and are now idle because of changes in program requirements, contractor efforts to produce more economically, reorganization, termination, or other causes which could not have been reasonably foreseen.

Under the exception stated in subparagraph (2) of this paragraph (b), costs of idle facilities are allowable for a reasonable period of time, ordinarily not to exceed one year, depending upon the initiative taken to use, lease, or dispose of such facilities (see § 1-15.205-42(b) and (e)).

(c) The costs of idle capacity are normal costs of doing business and are a factor in the normal fluctuations of usage or overhead rates from period to period. Such costs are allowable, provided the capacity is reasonably anticipated to be necessary or was originally reasonable and is not subject to reduction or elimination by subletting, renting, or sale, in accordance with sound business, economics, or security practices. Widespread idle capacity throughout an entire plant or among a group of assets having substantially the same function may be idle facilities.

(d) Any costs to be paid directly by the Government for idle facilities or idle capacity reserved for defense mobilization production shall be the subject of a separate agreement.

§ 1-15.205-13 Fines and penalties.

Costs of fines and penalties resulting from violations of, or failure of the contractor to comply with, Federal, State, and local laws and regulations are unallowable except when incurred as a result of compliance with specific provisions of the contract, or instructions in writing from the contracting officer.

§ 1-15.205-14 Dividends.

Dividend provisions or payments and, in the case of sole proprietors and partners, distributions of profit, are not allowable.

§ 1-15.205-15 Fringe benefits.

(See § 1-15.205-6(g).)

§ 1-15.205-16 Insurance and indemnification.

(a) Insurance includes insurance which the contractor is required to carry, or which is approved, under the terms of the contract, and any other insurance which the contractor maintains in connection with the general conduct of his business.

(1) Costs of insurance required or approved, and maintained, pursuant to the contract, are allowable.

(2) Costs of other insurance maintained by the contractor in connection with the general conduct of his business are allowable subject to the following limitations:

(i) Types and extent of coverage shall be in accordance with sound business practice and the rates and premiums shall be reasonable under the circumstances;

(ii) Costs allowed for business interruption or other similar insurance shall be limited to exclude coverage of profit;

(iii) Costs of insurance or of any provision for a reserve covering the risk of loss of or damage to Government property are allowable only to the extent that the contractor is liable for such loss or damage and such insurance or reserve does not cover loss or damage which results from willful misconduct or lack of good faith on the part of any of the contractor's directors or officers, or other equivalent representatives, who has supervision or direction of (A) all or substantially all of the contractor's business, or (B) all or substantially all of the contractor's operations at any one plant or separate location in which the contract is being performed, or (C) a separate and complete industrial operation in connection with the performance of the contract;

(iv) Provisions for a reserve under an approved self-insurance program are allowable to the extent that the types of coverage, extent of coverage, and the rates and premiums would have been allowed had insurance been purchased to cover the risks; and

(v) Costs of insurance on the lives of officers, partners, or proprietors are allowable only to the extent that the insurance represents additional compensation (see § 1-15.205-6).

(3) Actual losses which could have been covered by permissible insurance (through an approved self-insurance program or otherwise) are unallowable unless expressly provided for in the contract, except:

(i) Costs incurred because of losses not covered under nominal deductible insurance coverage provided in keeping with sound business practice, are allowable; and

(ii) Minor losses not covered by insurance, such as spoilage, breakage, and disappearance of small hand tools, which occur in the ordinary course of doing business, are allowable.

(b) Indemnification includes securing the contractor against liabilities to third persons and any other loss or damage, not compensated by insurance or otherwise. The Government is obligated to indemnify the contractor only to the extent expressly provided for in the contract, except as provided in (a)(3) above.

§ 1-15.205-17 Interest and other financial costs.

Interest on borrowings (however represented), bond discounts, costs of financing and refinancing operations, legal and professional fees paid in connection with the preparation of prospectuses, costs of preparation and issuance of stock rights, and costs related thereto, are unallowable except for interest assessed by State or local taxing authorities under the conditions set forth in § 1-15.205-41. (But see § 1-15.205-24.)

§ 1-15.205-18 Labor relations costs.

Costs incurred in maintaining satisfactory relations between the contractor and his employees, including costs of shop stewards, labor management committees, employee publications, and other related activities, are allowable.

§ 1-15.205-19 Losses on other contracts.

An excess of costs over income under any other contract (including the contractor's contributed portion under cost-sharing contracts), whether such other contract is of a supply, research and development, or other nature, is unallowable.

§ 1-15.205-20 Maintenance and repair costs.

(a) Costs necessary for the upkeep of property (including Government property unless otherwise provided for), which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition, are to be treated as follows (but see §1-15.205-9):

(1) Normal maintenance and repair costs are allowable;

(2) Extraordinary maintenance and repair costs are allowable, provided such are allocated to the periods to which applicable for purposes of determining contract costs. (But see § 1-15.107.)

(b) Expenditures for plant and equipment, including rehabilitation thereof, which, according to generally accepted accounting principles as applied under the contractor's established policy, should be capitalized and subjected to depreciation, are allowable only on a depreciation basis.

§ 1-15.205-21 Manufacturing and production engineering costs.

Costs of manufacturing and production engineering, including engineering activities in connection with the following, are allowable:

(a) Current manufacturing processes such as motion and time study, methods analysis, job analysis, and tool design and improvement; and

(b) Current production problems, such as materials analysis for production suitability and component design for purposes of simplifying production.

§ 1-15.205-22 Material costs.

(a) Material costs include the costs of such items as raw materials, parts, subassemblies, components, and manufacturing supplies, whether purchased outside or manufactured by the contractor, and may include such collateral items as inbound transportation and intransit insurance. In computing material costs, consideration will be given to reasonable overruns, spoilage, or defective work (unless otherwise provided in any provision of the contract relating to inspection and correction of defective work). These costs are allowable subject, however, to the provisions of paragraphs (b) through (e) of this § 1-15.205-22.

(b) Costs of material shall be suitably adjusted for applicable portions of income and other credits, including available trade discounts, refunds, rebates, allowances, and cash discounts, and credits for scrap and salvage and material returned to vendors. Such income and other credits shall either be credited directly to the cost of the material involved or be allocated (as credits) to indirect costs. However, where the contractor can demonstrate that failure to take cash discounts was due to reasonable circumstances, such lost discounts need not be so credited.

(c) Reasonable adjustments arising from differences between periodic physical inventories and book inventories may be included in arriving at costs, provided such adjustments relate to the period of performance of the contract.

(d) When the materials are purchased specifically for and identifiable solely with performance under a contract, the actual purchase cost thereof should be charged to the contract. If material is issued from stores, any generally recognized method of pricing such material is acceptable if that method is consistently applied and the results are equitable. When estimates of material costs to be incurred in the future are required, either current market price or anticipated acquisition cost may be used, but the basis of pricing must be disclosed.

(e) Allowance for all materials, supplies, and services which are sold or transferred between any division, subsidiary, or affiliate of the contractor under a common control shall be on the basis of cost incurred in accordance with this Subpart 1-15.2, except that when it is the established practice of the transferring organization to price interorganization transfers of materials, supplies, and services at other than cost for commercial work of the contractor or any division, subsidiary, or affiliate of the contractor under a common control, allowance may be at a price when:

(1) It is or is based on an "established catalog or market price of commercial items sold in substantial quantities to the general public" in accordance with § 1-3.807-1(b)(2); or

(2) It is the result of "adequate price competition" in accordance with § 1-3.807-1(b)(1) (i) and (ii) (A) and (B), and is the price at which an award was made to the affiliated organization after obtaining quotations on an equal basis from such organization and one or more outside sources which normally produce the item or its equivalent in significant quantity: *Provided*, That in either case:

(i) The price is not in excess of the transferor's current sales price to his most favored customer (including any division, subsidiary, or affiliate of the contractor under a common control) for a like quantity under comparable conditions; and

(ii) The price is not determined to be unreasonable by the contracting officer; provided, however, that if the price is determined unreasonable, such determination must be supported by an enumeration of facts on which it is based and approved at a level above the contracting officer.

The price determined in accordance with subparagraph (1) of this paragraph (e) should be adjusted, when appropriate, to reflect the quantities being procured and may be adjusted upward or downward to reflect the actual cost of any modifications necessary because of contract requirements.

§ 1-15.205-23 Organization costs.

Expenditures in connection with (a) planning or executing the organization or reorganization in the corporate structure of a business, including mergers and acquisitions, or (b) raising capital, are unallowable. Such expenditures include, but are not limited to, incorporation fees and costs of attorneys, accountants, brokers, promoters and organizers, management consultants, and investment counselors, whether or not employees of the contractor (see § 1-15.205-47).

§ 1-15.205-24 Other business expenses.

Included in this item are such recurring expenses as registry and transfer charges resulting from changes in ownership of securities issued by the contractor, cost of shareholders' meetings, normal proxy solicitations, preparation and publication of reports to shareholders, preparation and submission of required reports and forms to taxing and other regulatory bodies; and incidental costs of directors and committee meetings. The above and similar costs are allowable when allocated on an equitable basis.

§ 1-15.205-25 Relocation costs.

(a) Relocation costs, for the purpose of this Subpart 1-15.2, are costs incident to the permanent change of duty assignment (for an indefinite period or for a stated period of no less than 12 months) of an existing employee or upon recruitment of a new employee (see §§ 1-15.107 and 1-15.205-33). These costs may include, but are not limited to:

(1) Cost of travel of the employee and members of his immediate family (see § 1-15.205-46) and transportation of his household and personal effects to the new location;

(2) Cost of finding a new home, such as advance trips by employees and spouses to locate living quarters, and temporary lodging during the transition period;

(3) Closing costs (i.e., brokerage fees, legal fees, appraisal fees, etc.) incident to the disposition of actual residence owned by the employee when notified of transfer;

(4) Other necessary and reasonable expenses normally incident to relocation, such as cost of canceling an unexpired lease, disconnecting and reinstalling household appliances, and purchase of insurance against damage to or loss of personal property;

(5) Loss on sale of home;

(6) Acquisition of a home in a new location and all costs incident thereto;

(7) Continuing costs of ownership of the vacant former actual residence being sold, such as maintenance of building and grounds (exclusive of fixing-up expenses), utilities, taxes, property insurance, etc., after settlement date or lease date of new permanent residence; and

(8) Continuing mortgage principal and interest payments on residence being sold.

(b) Subject to paragraphs (c) and (f) of this § 1-15.205-25, relocation costs of the type covered in paragraphs (a)(1), (2), (3), (4), and (7) of this § 1-15.205-25 are allowable, provided:

(1) The move is for the benefit of the employer;

(2) Reimbursement is an accordance with an established policy or practice consistently followed by the employer, and such policy or practice is designed to motivate employees to relocate promptly and economically;

(3) The costs are not otherwise unallowable under the provisions of § 1-15.205-33 or any other provision of this Subpart 1-15.2 (see § 1-15.107 as related to large scale contractor relocation); and

(4) Amounts to be reimbursed shall not exceed the employee's actual (or reasonably estimated) expenses.

(c) Costs otherwise allowable under paragraph (b) of this § 1-15.205-25 are subject to the following additional provisions:

(1) The transition period for incurrence of costs of the type covered in paragraph (a) (2) of this § 1-15.205-25 shall be kept to the minimum number of days necessary under the circumstances, but shall not, in any event, exceed a cumulative total of 30 days including advance trip time;

(2) Allowance for the combined total of costs of the type covered in paragraphs (a)(3) and (7) of this § 1-15.205-25 shall not exceed 8 percent of the sales price of the property sold;

(3) Cost of canceling an unexpired lease under paragraph (a)(4) of this § 1-15.205-25 shall not exceed three times the monthly rental; and

(4) Costs of the type covered in paragraphs (a) (3), (4), and (7) of this § 1-15.205-25 are allowable only in connection with the relocation of existing employees, and are not allowable for newly recruited employees.

(d) Costs of the type covered in paragraphs (a) (5), (6), and (8) of this § 1-15.205-25 are not allowable.

(e) Payments for employee income taxes incident to reimbursed relocation costs are not allowable.

(f) Where relocation costs incurred incident to recruitment of a new employee have been allowed either as an allocable direct or indirect cost and the newly hired employee resigns for reasons within his control within 12 months after hire, the contractor shall be required to refund or credit such relocation costs to the Government.

§ 1-15.205-26 Patent costs.

(a) Costs of (1) preparing disclosures, reports, and other documents required by the contract and of searching the art to the extent necessary to make such invention disclosures, (2) preparing documents and any other patent costs, in connection with the filing and prosecution of a United States patent application where title or royalty free license is required by Government contract to be conveyed to the Government, and (3) general counseling services relating to patent matters, such as advice on patent laws, regulations, clauses, and employee agreements, are allowable (see § 1-15.205-31).

(b) Costs of preparing documents and any other patent costs, in connection with the filing and prosecution of any foreign patent application, or of a United States patent application where exclusive title is retained by the contractor without the grant of a royalty free license to the Government, are unallowable (see § 1-15.205-36).

§ 1-15.205-27 Pension plans.

(See § 1-15.205-6.)

§ 1-15.205-28 Plant protection costs.

Costs of items such as (a) wages, uniforms, and equipment of personnel engaged in plant protection, (b) depreciation on plant protection capital assets, and (c) necessary expenses to comply with security requirements, are allowable.

§ 1-15.205-29 Plant reconversion costs.

Plant reconversion costs are those incurred in the restoration or rehabilitation of the contractor's facilities to approximately the same condition existing immediately prior to the commencement of the contract work, fair wear and tear excepted. Reconversion costs are unallowable except for the cost of removing Government property and the restoration or rehabilitation costs caused by such removal. However, in special circumstances where equity so dictates, additional costs may be allowed to the extent agreed upon before the costs are incurred. Whenever such costs are given consideration, care should be exercised to avoid duplication through allowance as contingencies, as additional profit or fee, or in other contracts.

§ 1-15.205-30 Precontract costs.

Precontract costs are those incurred prior to the effective date of the contract directly pursuant to the negotiation and in anticipation of the award of the contract where such incurrence is necessary to comply with the proposed contract delivery schedule. Such costs are allowable to the extent that they would have been allowable if incurred after the date of the contract (but see § 1-15.107).

§ 1-15.205-31 Professional and consultant service costs—legal, accounting, engineering, and other.

(a) Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill and who are not officers or employees of the contractor are allowable, subject to paragraphs (b), (c), and (d) of this § 1-15.205-31, when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Government (see §§ 1-15.205-23 and 1-15.205-26).

(b) In determining the allowability of costs in a particular case, no single factor or any special combination of factors is necessarily determinative. However, the following factors among others may be relevant:

(1) The nature and scope of the service rendered in relation to the service required;

(2) The necessity of contracting for the service, considering the contractor's capability in the particular area;

(3) The past pattern of such costs, particularly in the years prior to the award of Government contracts;

(4) The impact of Government contracts on the contractor's business (i.e., what new problems have arisen);

(5) Whether the proportion of Government work to the contractor's total business is such as to influence the contractor in favor of incurring the cost, particularly where the services rendered are not of a continuing nature and have little relationship to work under Government contracts;

(6) Whether the service can be performed more economically by employment rather than contracting;

(7) The qualifications of the individual or concern rendering the service and the customary fees charged, especially on non-Government contracts; and

(8) Adequacy of the contractual agreement for the service (e.g., description of the service, estimate of time required, rate of compensation, and termination provisions).

(c) In addition to the factors in paragraph (b) of this § 1-15.205-31, retainer fees to be allowable must be supported by evidence of bona fide services available or rendered.

(d) Cost of legal, accounting, and consulting services, and related costs, incurred in connection with organization and reorganization, defense of antitrust suits, and the prosecution of claims against the Government, are unallowable. Costs of legal, accounting and consulting services, and related costs, incurred in connection with patent infringement litigation, are unallowable unless otherwise provided for in the contract (see § 1-15.205-23).

§ 1-15.205-32 Profits and losses on disposition of plant, equipment, or other capital assets.

Profits or losses of any nature arising from the sale or exchange of plant, equipment, or other capital assets, including sale or exchange of either short or long term investments, shall be excluded in computing contract costs (but see § 1-15.205-9(b) as to basis for depreciation).

§ 1-15.205-33 Recruitment costs.

(a) Subject to paragraphs (b), (c), and (d) of this § 1-15.205-33, and provided that the size of the staff recruited and maintained is in keeping with workload requirements, costs of help-wanted advertising, operating costs of an employment office necessary to secure and maintain an adequate labor force, costs of operating an aptitude and educational testing program, travel costs of employees while engaged in recruiting personnel, travel costs of applicants for interviews for prospective employment, and relocation costs incurred incident to recruitment of new employees are allowable to the extent that such costs are incurred pursuant to a well managed recruitment program. Where the contractor uses employment agencies, costs not in excess of standard commercial rates for such services are allowable.

(b) Costs of help-wanted advertising are unallowable if the advertising:

(1) Is for other than for personnel required for the performance of obligations under a Government contract, except as provided in § 1-15.205-1(b);

(2) Does not describe specific positions or classes of positions;

(3) Is excessive in relation to the number and importance of the positions, or in relation to the practices of industry;

(4) Includes material that is not relevant for recruitment purposes, such as extensive illustrations or descriptions of the company's products or capabilities;

(5) Is designed to "pirate" personnel from another Government contractor; or

(6) Includes color (in publications).

(c) Costs of excessive salaries, fringe benefits and special emoluments that have been offered to prospective employees, designed to "pirate" personnel from another Government contractor, or in excess of the standard practices in the industry, are unallowable.

(d) Relocation costs incurred incident to recruitment of new employees are subject to § 1-15.205-25. Where such costs have been allowed either as an allocable direct or indirect cost and the newly hired employee resigns for reasons within his control within 12 months after hire, the contractor shall be required to refund or credit such relocation costs to the Government.

§ 1-15.205-34 Rental costs (including sale and leaseback of property).

(a) This § 1-15.205-34 is applicable to the cost of renting or leasing all property, real and personal, except automatic data processing equipment (ADPE)—see § 1-15.205-50.

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(b) As used in this section, the words and phrases defined in this paragraph (b) shall have the meanings set forth below.

(1) "Short-term leasing" means leasing where the cumulative term of the use or occupancy (initial term plus additional terms whether or not pursuant to a renewal option) is 2 years or less for personal property and 5 years or less for real property.

(2) "Long-term leasing" means leasing where the cumulative term of the use or occupancy (initial term plus additional terms whether or not pursuant to a renewal option) is more than 2 years for personal property and more than 5 years for real property. Leasing with initial terms of more than 2 years for personal property and more than 5 years for real property is long-term leasing as of the effective date. Leasing with initial terms of 2 years or less for personal property, and 5 years or less for real property, becomes long-term leasing as of the effective date of the document which extends the cumulative term to more than 2 or 5 years, and will be treated as short-term leasing prior to such date and long-term leasing on such date.

(3) "Anticipated useful life" of property may represent the application life (utility in a given function), technological life (utility before becoming obsolete in whole or in part), or physical life (utility before physically wearing out), depending upon the facts and circumstances and the particular property involved. In estimating anticipated useful life under long-term leasing, the starting date shall be the date that the lease qualifies as long-term leasing. The contractor may use application life if he can clearly demonstrate that the property has utility only in a given function and the duration of the function can be determined. Technological life may be used by the contractor if he can demonstrate that existing property must be replaced because of:

(i) Specific program objectives or contract requirements which cannot be accomplished with the existing facilities;

(ii) Cost reductions which will produce identifiable savings in production or overhead costs;

(iii) Increase in workload volume which cannot be accomplished efficiently by modifying or augmenting existing facilities; or

(iv) Consistent pattern of capacity operation (2½–3 shifts) on existing property.

However, technological advances (affecting technological life), per se, will not justify replacement of existing property before the end of its physical life if such existing property will be able to satisfy future requirements or demands.

(c) Rental costs under short-term leasing are allowable to the extent that:

(1) The rates are reasonable at the time of the decision to lease in light of such factors as rental costs of comparable property, if any, and market conditions in the area, the type, life expectancy, condition, and value of the property leased, alternatives available, and other provisions of the agreement; and

(2) They do not give rise to a material equity in the property (such as an option to renew or purchase at a bargain rental or price) other than that normally given to industry at large, but represent charges only for the current use of the property including, but not limited to, any incidental service costs such as maintenance, insurance, and applicable taxes.

(d) (1) Rental costs under long-term leasing are allowable only up to the amount the contractor would be allowed had he purchased the property, unless he can demonstrate on the basis of facts existent at the time of the decision to lease on a long-term basis, documented in accordance with paragraph (e) of this § 1-15.205-34, that long-term leasing will result in less cost to the Government over the anticipated useful life of the property. If the contractor can demonstrate that long-term leasing will result in less cost to the Government, the rental costs for the term of the lease shall be subject to the same criteria set forth in paragraph (c) of this § 1-15.205-34 for short-term leasing. However, if the contractor subsequently renews the lease, he must again demonstrate that leasing will result in less cost to the Government if he wishes to continue having rental costs evaluated by the criteria in paragraph (c) of this § 1-15.205-34.

(2) In estimating the least cost to the Government for the anticipated useful life, the cumulative costs that would be allowed if the contractor owned the property should be compared with cumulative costs that would be allowed under the leasing arrangement. For the purposes of this comparison, the costs of property include, but are not limited to, the costs

of operation, maintenance, insurance; taxes, depreciation, leasehold improvements, and rental as applicable; and exclude interest, in the case of ownership costs, and other unallowable costs pursuant to this Part 1-15 in either case.

(3) In those situations where leasing was formerly classified as short-term leasing, the purchase cost for purposes of cost comparison in subparagraph (2) of this paragraph will be the price at which the property could be acquired on the date that the agreement meets the qualifications for long-term leasing. If purchase is determined to be the method of acquisition which would result in least cost to the Government, such determination shall not be applied to the years when the leasing was classified as short-term leasing.

(e) Contractor's justifications, under paragraph (d) of this § 1-15.205-34, of his long-term leasing decisions shall consist of, but are not limited to, the following supporting data, prepared prior to leasing:

(1) Analysis of utilization of existing property;

(2) Application of comparative cost criteria in paragraph (d) of this § 1-15.205-34;

(3) Specific objectives or requirements;

(4) Solicitation of proposals from available sources; and

(5) Proposals received in response to the solicitation, and reasons for selection of the property chosen and for the decision to lease.

(f) Rental costs under a sale and leaseback arrangement shall be allowable only up to that amount the contractor would be allowed had he retained title to the property, except that rental cost may be allowed:

(1) In accordance with paragraphs (b), (c), and (d) of this § 1-15.205-34 where the sale and leaseback immediately followed purchase of the property; or

(2) The sale and leaseback is otherwise in the best interests of the Government and specifically authorized in the contract.

(g) Charges in the nature of rent between any division, subsidiary, or organization under a common control are allowable to the extent such charges do not exceed the normal costs of ownership, such as depreciation, taxes, insurance, and maintenance (excluding interest or other unallowable costs pursuant to this Part 1-15): *Provided*, That no part of such costs shall duplicate any other allowed costs. However, rental cost of personal property, which is leased from any division, subsidiary, or affiliate of the contractor under common control, which has an established practice of leasing the same or similar property to unaffiliated lessees shall be allowed in accordance with paragraphs (b), (c), and (d) of this § 1-15.205-34. In addition, where the lessor is also the manufacturer of the personal property, the purchase price for the purposes of paragraph (d)(1) of this § 1-15.205-34, and the cost of ownership for the purposes of paragraph (d)(2) of this § 1-15.205-34, shall be determined in accordance with § 1-15.205-22(e).

(h) Rental costs under long-term leasing entered into prior to the effective date of this § 1-15.205-34 are allowable for the remaining term of the lease (excluding unexercised options) to the extent they would have been allowable under this § 1-15.205-34 in effect January 1, 1969.

(i) The allowability of rental costs under unexpired leases in connection with terminations is subject to § 1-15.205-42(e).

(j) Allowable rental costs shall not be adjusted by the amount of any investment credit accruing to the contractor by reason of an election, made by a lessor of new "section 38" property, to treat the contractor as the purchaser of such property pursuant to section 48(d) of the Revenue Act of 1962, as amended.

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§ 1-15.205-35 Research and development costs.

(a) Basic research, for the purpose of this Subpart 1-15.2, is that type of research which is directed toward increase of knowledge in science. In such research, the primary aim of the investigator is a fuller knowledge or understanding of the subject under study, rather than any practical application thereof. Applied research, for the purpose of this Subpart 1-15.2, consists of that type of effort which (1) normally follows basic research, but may not be severable from the related basic research, (2) attempts to determine and expand the potentialities of new scientific discoveries or improvements in technology, materials, processes, methods, devices, and techniques, and (3) attempts to "advance the state of the art." Applied research does not include any such efforts when their principal aim is the design, development, or test of specific articles or services to be offered for sale, which are within the definition of the term development as hereinafter provided.

(b) "Development" is the systematic use of scientific knowledge which is directed toward the production of, or improvements in, useful products to meet specific performance requirements, but exclusive of manufacturing and production engineering.

(c) A contractor's independent research and development is that research and development which is not sponsored by a contract, grant, or other arrangement.

(d) A contractor's costs of independent research as defined in (a) and (c) above shall be allowable as indirect costs (subject to (h) below), provided they are allocated to all work of the contractor.

(e) Costs of contractor's independent development, as defined in (b) and (c) above (subject to (h) below), are allowable to the extent that such development is related to the product line for which the Government has contracts, provided the costs are reasonable in amount and are allocated as indirect costs to all work of the contractor on such product lines. In cases where a contractor's normal course of business does not involve production work, the cost of independent development is allowable to the extent that such development is related and allocated as an indirect cost to the field of effort of Government research and development contracts.

(f) Independent research and development costs shall include an amount for the absorption of their appropriate share of indirect and administrative costs, unless the contractor, in accordance with his accounting practices consistently applied, treats such costs otherwise.

(g) Research and development costs (including amounts capitalized), regardless of their nature, which were incurred in accounting periods prior to the award of a particular contract, are unallowable except where allowable as precontract costs (see § 1-15.205-30).

(h) The reasonableness of expenditures for independent research and development should be determined in light of all pertinent considerations such as previous contractor research and development activity, cost of past programs and changes in science and technology. Such expenditures should be pursuant to a broad planned program, which is reasonable in scope and well managed. Such expenditures (especially for development) should be scrutinized with great care in connection with contractors whose work is predominantly or substantially with the Government. Advance agreements as described in § 1-15.107 are particularly important in this situation. In recognition that cost sharing of the contractor's independent research and development program may provide motivation for more efficient accomplishment of such program, it is desirable in some cases that the Government bear less than an allocable share of the total cost of the program. Under these circumstances, the following are among the approaches which may be used as the basis for agreement: (1) Review of the contractor's proposed independent research and development program and agreement to accept the allocable costs of specific projects; (2) agreement on a maximum dollar limitation of costs, an allocable portion of which will be accepted by the Government; (3) an agreement to accept the allocable share of a percentage of the contractor's planned research and development program.

§ 1-15.205-36 Royalties and other costs for use of patents.

(a) Royalties on a patent or amortization of the cost of acquiring by purchase a patent or rights thereto, necessary for the proper performance of the contract and applicable to contract products or processes, are allowable unless:

(1) The Government has a license or the right to free use of the patent;

(2) The patent has been adjudicated to be invalid, or has been administratively determined to be invalid;

(3) The patent is considered to be unenforceable; or

(4) The patent is expired.

(b) Special care should be exercised in determining reasonableness where the royalties may have been arrived at as a result of less than arm's length bargaining; e.g.:

(1) Royalties paid to persons, including corporations, affiliated with the contractor;

(2) Royalties paid to unaffiliated parties, including corporations, under an agreement entered into in contemplation that a Government contract would be awarded; or

(3) Royalties paid under an agreement entered into after the award of the contract.

(c) In any case involving a patent formerly owned by the contractor, the amount of royalty allowed should not exceed the cost which would have been allowed had the contractor retained title thereto.

(d) See § 1-15.107, regarding advance understandings.

§ 1-15.205-37 Selling costs.

(a) Selling costs arise in the marketing of the contractor's products and include costs of sales promotions, negotiation, liaison between Government representatives and contractor's personnel, and other related activities.

(b) Selling costs are allowable to the extent they are reasonable and are allocable to Government business (but see §§ 1-15.107 and 1-15.205-1). Allocability of selling costs will be determined in the light of reasonable benefit to the Government arising from such activities as technical, consulting, demonstration, and other services which are for purposes such as application or adaptation of the contractor's products to Government use.

(c) Notwithstanding (b) above, salesmen's or agents' compensation, fees, commissions, percentages, or brokerage fees, which are contingent upon the award of contracts, are allowable only when paid to bona fide employees or bona fide established commercial or selling agencies maintained by the contractor for the purpose of securing business.

§ 1-15.205-38 Service and warranty costs.

Such costs include those arising from fulfillment of any contractual obligation of a contractor to provide services, such as installation, training, correcting defects in the products, replacing defective parts, making refunds in the case of inadequate performance, etc. When not inconsistent with the terms of the contract, such service and warranty costs are allowable. However, care should be exercised to avoid duplication of the allowance as an element of both estimated product cost and risk.

§ 1-15.205-39 Severance pay.

(a) Severance pay, also commonly referred to as dismissal wages, is a payment in addition to regular salaries and wages, by contractors to workers whose employment is being terminated. Costs of severance pay are allowable only to the extent that, in each case, it is required by (1) law, (2) employer-employee agreement, (3) established policy that constitutes, in effect, an implied agreement on the contractor's part, or (4) circumstances of the particular employment.

(b) Costs of severance payments are divided into two categories as follows:

(1) Actual normal turnover severance payments shall be allocated to all work performed in the contractor's plant; or, where the contractor provides for accrual of pay for normal severances such method will be acceptable if the amount of the accrual is reasonable in light of payments actually made for normal severances over a representative

past period, and if amounts accrued are allocated to all work performed in the contractor's plant; and

(2) Abnormal or mass severance pay is of such a conjectural nature that measurement of costs by means of an accrual will not achieve equity to both parties. Thus accruals for this purpose are not allowable. However, the Government recognizes its obligation to participate, to the extent of its fair share, in any specific payment. Thus, allowability will be considered on a case-by-case basis in the event of occurrence.

§ 1-15.205-40 Special tooling and special test equipment costs.

(a) The term "special tooling" means all jigs, dies, fixtures, molds, patterns, taps, gauges, other equipment and manufacturing aids, and replacements thereof, which are of such a specialized nature that, without substantial modification or alteration, their use is limited to the development or production of particular supplies or parts thereof, or the performance of particular services. The term includes all components of such items, but does not include:

(1) Consumable property;

(2) Special test equipment; or

(3) Buildings, nonseverable structures (except foundations and similar improvements involving relatively minor expense which are necessary for the installation of special tooling), general or special machine tools, or similar capital items.

(b) The term "special test equipment" means electrical, electronic, hydraulic, pneumatic, mechanical, or other items, or assemblies of equipment, which are of such a specialized nature that, without modification or alteration, the use of such items (if they are to be used separately), or assemblies is limited to testing in the development or production of particular supplies or parts thereof, or in the performance of particular services. The term "special test equipment" includes all components of any assemblies of such equipment, but does not include:

(1) Consumable property;

(2) Special tooling; or

(3) Buildings, nonseverable structures (except foundations and similar improvements necessary for the installation of special test equipment), general or special machine tools, or similar capital items.

(c) The cost of special tooling and special test equipment used in the performance of one or more Government contracts is allowable and shall be allocated to the specific Government contract or contracts for which acquired, except as otherwise provided in this paragraph (c). The cost of items acquired by the contractor prior to the effective date of the contract, or replacement of such items, whether or not altered or adapted for use in the performance of the contract, or items the acquisition of which by the Government is specifically excluded by the contract shall be allowable only as depreciation or amortization.

(d) Where items are disqualified as special tooling because with less than substantial modification or alteration they can be made general purpose, and where items of special test equipment with relatively minor expense can be made suitable for general purpose use and have a value as such commensurate with their value as special test equipment, the cost of adapting the items for use under the contract and the cost of returning them to their prior configuration will be allowable.

§ 1-15.205-41 Taxes.

(a) Taxes are charges levied by Federal, State, or local governments. They do not include fines and penalties except as otherwise provided herein. In general, taxes (including State and local income taxes, except as provided in paragraph (a-1) of this § 1-15.205-41), which the contractor is required to pay and which are paid or accrued in accordance with generally accepted accounting principles are allowable, except for:

(1) Federal income and excess profits taxes;

(2) Taxes in connection with financing, refinancing, or refunding operations (see § 1-15.205-17);

(3) Taxes from which exemptions are available to the contractor directly or available to the contractor based on an exemption afforded the Government ex-

cept when the contracting officer determines that the administrative burden incident to obtaining the exemption outweighs the corresponding benefits accruing to the Government;

(4) Special assessments on land which represent capital improvements; and

(5) Taxes on any category of property which is used solely in connection with work other than on Government contracts. (Taxes on property used solely in connection with either non-Government or Government work should be considered directly applicable to the respective category of work unless the amounts involved are insignificant or comparable results would otherwise be obtained; e.g., taxes on contractor-owned work in process which is used solely in connection with non-Government work should be allocated to such work and taxes on contractor-owned work-in-process inventory, and Government-owned work-in-process inventory when taxed, used solely in connection with Government work should be charged to such work.)

(a-1) Income tax accruals, designed to account for the tax effects of differences between taxable income and pretax income as reflected by the books of account and financial statements, are unallowable.

(b) Taxes otherwise allowable under paragraph (a) of this section, but upon which a claim of illegality or erroneous assessment exists, are allowable provided the contractor prior to payment of such taxes:

(1) Promptly requests instructions from the contracting officer concerning such taxes; and

(2) Takes all action directed by the contracting officer arising out of subparagraph (1) of this paragraph or an independent decision of the Government as to the existence of a claim of illegality or erroneous assessment, including cooperation with and for the benefit of the Government to (i) determine the legality of such assessment, or (ii) secure a refund of such taxes.

Reasonable costs of any such action undertaken by the contractor at the direction or with the concurrence of the contracting officer are allowable. Interest and penalties incurred by a contractor by reason of the nonpayment of any tax at the direction of the contracting officer or by reason of the failure of the contracting officer to issue timely direction after prompt request therefor, are also allowable.

(c) Any refund of taxes, interest, or penalties, and any payment to the contractor of interest thereon, attributable to taxes, interest, or penalties which were allowed as contract costs, shall be credited or paid to the Government in the manner directed by the Government, provided, any interest actually paid or credited to a contractor incident to a refund of tax, interest, or penalty shall be paid or credited to the Government only to the extent that such interest accrued over the period during which the contractor had been reimbursed by the Government for the taxes, interest, or penalties.

§ 1-15.205-42 Termination costs.

Contract terminations generally give rise to the incurrence of costs, or the need for special treatment of costs, which would not have arisen had the contract not been terminated. Cost principles covering these items are set forth below. They are to be used in conjunction with the remainder of this subpart in termination situations.

(a) *Common items.* The cost of items reasonably usable on the contractor's other work shall not be allowable unless the contractor submits evidence that he could not retain such items at cost without sustaining a loss. In deciding whether such items are reasonably usable on other work of the contractor, the contracting officer should consider the contractor's plans and orders for current and scheduled production. Contemporaneous purchases of common items by the contractor shall be regarded as evidence that such items are reasonably usable on the contractor's other work. Any acceptance of common items as allocable to the terminated portion of the contract should be limited to the extent that the quantities of such items on hand, in transit, and on order are in excess of the reasonable quantitative requirements of other work.

(b) *Costs continuing after termination.* If in a particular case, despite all reasonable efforts by the contractor, certain costs cannot be discontinued immediately after the effective date of termination, such costs are generally allowable within the limitations set forth in this subpart, except that any such

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costs continuing after termination due to the negligent or willful failure of the contractor to discontinue such costs shall be considered unallowable.

(c) *Initial costs.* Initial costs, including starting load and preparatory costs, are allowable, subject to the following:

(1) Starting load costs are costs of a nonrecurring nature arising in the early stages of production and not fully absorbed because of the termination. Such costs may include the cost of labor and material, and related overhead attributable to such factors as:

(i) Excessive spoilage resulting from inexperienced labor;

(ii) Idle time and subnormal production occasioned by testing and changing methods of processing;

(iii) Employee training; and

(iv) Unfamiliarity or lack of experience with the product, materials, manufacturing processes and techniques.

(2) Preparatory costs are costs incurred in preparing to perform the terminated contract, including costs of initial plant rearrangement and alterations, management and personnel organization, production planning and similar activities, but excluding special machinery and equipment and starting load costs.

(3) If initial costs are claimed and have not been segregated on the contractor's books, segregation for settlement purposes shall be made from cost reports and schedules which reflect the high unit cost incurred during the early stages of the contract.

(4) When the settlement proposal is on the inventory basis, initial costs should normally be allocated on the basis of total end items called for by the contract immediately prior to termination; however, if the contract includes end items of a diverse nature, some other equitable basis may be used, such as machine or labor hours.

(5) When initial costs are included in the settlement proposal as a direct charge, such costs shall not also be included in overhead.

(6) Initial costs attributable to only one contract shall not be allocated to other contracts.

(d) *Loss of useful value.* Loss of useful value of special tooling and special machinery and equipment is generally allowable if:

(1) Such special tooling, machinery, or equipment is not reasonably capable of use in the other work of the contractor;

(2) The interest of the Government is protected by transfer of title or by other means deemed appropriate by the contracting officer; and

(3) The loss of useful value as to any one terminated contract is limited to that portion of the acquisition cost which bears the same ratio to the total acquisition cost as the terminated portion of the contract bears to the entire terminated contract and other Government contracts for which the special tooling and special machinery and equipment was acquired.

(e) *Rental costs.* Rental costs under unexpired leases are generally allowable where clearly shown to have been reasonably necessary for the performance of the terminated contract, less the residual value of such leases, if:

(1) The amount of such rental claimed does not exceed the reasonable use value of the property leased for the period of the contract and such further period as may be reasonable; and

(2) The contractor makes all reasonable efforts to terminate, assign, settle, or otherwise reduce the cost of such lease.

There also may be included the cost of alterations of such leased property, provided such alterations were necessary for the performance of the contract, and of reasonable restoration required by the provisions of the lease.

(f) *Settlement expenses.* Settlement expenses, including the following, are generally allowable:

(1) Accounting, legal, clerical, and similar costs reasonably necessary for—

(i) The preparation and presentation to contracting officers of settlement claims and supporting data with respect to the terminated portion of the contract, unless the termination is for the default of the contractor (see § 1-8.604(b)(1) of this chapter); and

(ii) The termination and settlement of subcontracts.

(2) Reasonable costs for the storage, transportation, protection, and disposition of property acquired or produced for the contract; and

(3) Indirect costs related to salary and wages incurred as settlement expenses in subparagraphs (1) and (2) of this paragraph; normally, such indirect costs shall

be limited to payroll taxes, fringe benefits, occupancy cost, and immediate supervision.

(g) *Subcontractor claims.* Subcontractor claims, including the allocable portion of claims which are common to the contract and to other work of the contractor, are generally allowable. An appropriate share of the contractor's indirect expense may be allocated to the amount of settlements with subcontractors; provided, that the amount allocated is otherwise consistent with §§ 1-15.201-4 and 1-15.203(c). The indirect expense so allocated shall exclude the same and similar costs claimed directly or indirectly as settlement expenses.

§ 1-15.205-43 Trade, business, technical, and professional activity costs.

(a) *Memberships.* This category includes costs of memberships in trade, business, technical, and professional organizations. Such costs are allowable.

(b) *Subscriptions.* This item includes cost of subscriptions to trade, business, professional, or technical periodicals. Such costs are allowable.

(c) *Meetings and conferences.* This item includes cost of meals, transportation, rental of facilities for meetings, and costs incidental thereto, when the primary purpose of the incurrence of such costs is the dissemination of technical information or stimulation of production. Such costs are allowable (see § 1-15.205-46).

§ 1-15.205-44 Training and educational costs.

(a) Costs of preparation and maintenance of a program of instruction at noncollege level, including but not limited to on-the-job, classroom, and apprenticeship training, designed to increase the vocational effectiveness of bona fide employees, including training materials, textbooks, salaries or wages of trainees (excluding overtime compensation which might arise therefrom), and

(1) Salaries of the director of training and staff when the training program is conducted by the contractor; or

(2) Tuition and fees when the training is in an institution not operated by the contractor;

are allowable.

(b) Costs of part-time education, at an undergraduate or postgraduate college level, related to the job requirements of bona fide employees, including only:

(1) Training materials;

(2) Textbooks;

(3) Fees charged by the educational institution;

(4) Tuition charged by the educational institution, or in lieu of tuition, instructors' salaries and the related share of indirect cost of the educational institution to the extent that the sum thereof is not in excess of the tuition which would have been paid to the participating educational institution; and

(5) Straight-time compensation of each employee for time spent attending classes during working hours not in excess of 156 hours per year where circumstances do not permit the operation of classes or attendance at classes after regular working hours;

are allowable.

(c) Costs of tuition, fees, training materials and textbooks (but not subsistence, salary, or any other emoluments) in connection with fulltime scientific and engineering education at a postgraduate (but not undergraduate) college level related to the job requirements of bona fide employees for a total period not to exceed one school year for each employee so trained, are allowable. In unusual cases where required by military technology, the period may be extended.

(d) Maintenance expense, and normal depreciation or fair rental, on facilities owned or leased by the contractor for training purposes are allowable to the extent set forth in §§ 1-15.205-20, 1-15.205-9, and 1-15.205-34, respectively.

(e) Grants to educational or training institutions, including the donation of facilities or other properties, scholarships, or fellowships, are considered contributions and are unallowable.

§ 1-15.205-45 Transportation costs.

Transportation costs include freight, express, cartage, and postage charges relating either to goods purchased, in process, or delivered. These costs are allowable. When such costs can readily be identified with the items involved, they may be directly costed as transportation costs or added to the cost of such items (see § 1-15.205-22). Where identification with the materials received cannot readily be made, inbound transportation costs may be charged to the appropriate indirect cost accounts if the contractor follows a consistent, equitable procedure in this respect. Outbound freight, if reimbursable under the terms of the contract, shall be treated as a direct cost.

§ 1-15.205-46 Travel costs.

(a) Travel costs include costs of transportation, lodging, subsistence, and incidental expenses, incurred by contractor personnel in a travel status while on official company business.

(b) Travel costs may be based upon actual costs incurred, or on a per diem or mileage basis in lieu of actual costs, or on a combination of the two, provided the method used does not result in an unreasonable charge.

(c) Travel costs incurred in the normal course of overall administration of the business are allowable and shall be treated as indirect costs.

(d) Travel costs directly attributable to specific contract performance are allowable and may be charged to the contract in accordance with the principle of direct costing (see § 1-15.202).

(e) Necessary, reasonable costs of family movements and personnel movements of a special or mass nature are allowable, pursuant to §§ 1-15.205-25 and 1-15.205-33, subject to allocation on the basis of work or time period benefited when appropriate (see § 1-15.107).

(f) The difference in cost between first-class air accommodations and less than first-class air accommodations is unallowable except when less than first-class accommodations are not reasonably available to meet necessary mission requirements, such as, where less than first-class accommodations would:

(1) Require circuitous routing;

(2) Require travel during unreasonable hours;

(3) Greatly increase the duration of the flight;

(4) Result in additional costs which would offset the transportation savings; or

(5) Offer accommodations which are not reasonably adequate for the physical or medical needs of the traveler.

(g) (1) The cost of "contractor-owned, -leased, and -chartered aircraft," as that phrase is used herein, includes the cost of lease, charter, operation (including personnel), maintenance, depreciation, insurance, and other related costs. This cost is allowable, if reasonable, to the extent the contractor can demonstrate that the use of such aircraft is necessary for the conduct of his business and that the increase in cost, if any, in comparison with alternative means of transportation, is commensurate with the advantages gained.

(2) Some of the factors to consider in determining the necessity for such aircraft are whether:

(i) Scheduled commercial airlines or other suitable less costly travel facilities are available at reasonable times, operate with reasonable frequency, and serve the required destinations conveniently;

(ii) It is likely that critical or emergency situations might arise which could not be accommodated as effectively by scheduled commercial airline or other suitable less costly travel facilities;

(iii) The increased flexibility in scheduling would result in time savings and more effective utilization of key personnel;

(iv) National or industrial security demands privacy for key personnel who must work en route; and

(v) There exists a contract requirement for flight testing of equipment.

(3) When the need for contractor-owned, -leased, or -chartered aircraft has been demonstrated, additional factors such as the following shall be considered in determining the reasonableness of costs:

(i) Number, type, and size of aircraft needed (involved in this determination are matters such as the number and physical aspects of locations to which flights are required, distances to these locations, number of passengers to be carried, and frequency of flights);

(ii) The appropriateness of the method of acquisition, i.e., purchase, lease, or charter; and

(iii) Whether, when the contractor has more than one type or size of aircraft, that available aircraft best suited to the requirements of each individual trip was used.

(4) Where the need for contractor-owned, -leased, or -chartered aircraft has been demonstrated, optimum use of such aircraft, rather than scheduled commercial service, should be made where a cost advantage will result to the Government.

§ 1-15.205-47 Economic planning costs.

(a) This category includes costs of generalized long-range management planning which is concerned with the future overall development of the contractor's business and which may take into account the eventual possibility of economic dislocations or fundamental alterations in those markets in which the contractor currently does business. Economic planning costs do not include organization or reorganization costs covered by § 1-15.205-23.

(b) Economic planning costs are allowable as indirect costs to be properly allocated. Research and development and engineering costs designed to lead to new products for sale to the general public are not allowable under this provision.

§ 1-15.205-48 Page charges in scientific journals.

Page charges for scientific journal publication are allowable as a necessary part of research costs, where:

(a) The research papers report work supported by the Government;

(b) The charges are levied impartially on all research papers published by the journal, whether by non-Government or by Government authors;

(c) Payment of such charges is in no sense a condition for acceptance of manuscripts by the journal;

(d) The journals involved are not operated for profit; and

(e) The author does not receive an emolument from the journal for the research paper.

§ 1-15.205-49 Preservation of records.

This category pertains to those costs arising from the retention, preservation, or storage of only those records that are necessary to the overall operation of the contractor's business, including the contract work, as well as costs resulting from contractual or statutory requirements for the preservation of necessary records after completion or termination of a contract and final settlement thereunder. Such costs generally are allowable. Usually those costs are allocated as indirect costs on a current basis to the contract and other work. Normally such costs should not be allocable to a specific contract after its completion or termination and final settlement thereunder.

§ 1-15.205-50 Automatic data processing equipment (ADPE) leasing costs.

(a) This § 1-15.205-50 is applicable to all leased ADPE except as components of an end item to be delivered to the Government. (Allowability of costs related to contractor-owned ADPE are governed by other provisions of this Subpart 1-15.2.)

(b) (1) If the contractor leased ADPE but cannot demonstrate (on the basis of the facts existent at the time of the decision to lease or to continue leasing and documented in accordance with paragraph (d) of this § 1-15.205-50) that leasing will result in less cost to the Government over the anticipated useful life (as those terms are explained in paragraph (c) of this § 1-15.205-50), then rental costs are allowable only up to the amount that the contractor would be allowed had he purchased the ADPE.

(2) Furthermore, the costs of leasing ADPE are allowable only to the extent that the contractor can annually demonstrate in accordance with paragraph (d) of this § 1-15.205-50 that:

(i) They are reasonable and necessary for the conduct of his business in light of such factors as the contractor's requirements for ADPE, costs of comparable facilities, the various types of leases available, and the provisions of the rental agreement;

(ii) They do not give rise to a material equity in the facilities (such as an option to renew or purchase at a bargain rental or price) other than that normally given to industry at large, but represent charges only for the current use of the equipment, including but not limited to any incidental service costs such as maintenance, insurance, and applicable taxes; and

(iii) If the total cost of leasing the ADPE is to be reimbursed under one or more cost-reimbursement type contracts, or if the total cost of leasing ADPE in a single plant, division, or cost center exceeds $500,000 per year and 50 percent or more of the total leasing cost is to be allocated to cost-reimbursement type contracts, the approval of the contracting officer was obtained for the leasing arrangement (see § 1-15.107).

(3) Rental costs under a sale and leaseback arrangement shall be allowable only up to the amount the contractor would be allowed had he retained title to the ADPE, except that rental costs may be allowed in accordance with

(b) (1) and (2) of this § 1-15.205-50, (i) where the sale and leaseback immediately followed purchase of the ADPE, or (ii) where the sale and leaseback is otherwise in the best interest of the Government.

(4) Rental costs of ADPE which is leased from any division, subsidiary, or organization under a common control shall be limited to the cost of ownership (excluding interest or other unallowable costs pursuant to Subpart 1-15.2), except as provided in (b)(5) of this § 1-15.205-50.

(5) Rental costs of ADPE which is leased from any division, subsidiary, or organization under a common control which has an established practice of leasing the same or similar equipment to unaffiliated lessees shall be allowed in accordance with (b) (1) and (2) of this § 1-15.205-50, except the purchase price for the purpose of (b)(1) of this § 1-15.205-50, and costs of ownership for the purpose of (c)(2) of this § 1-15.205-50, shall be determined in accordance with § 1-15.205-22(e).

(c)(1) An estimate of the anticipated useful life of the property may represent the application life (utility in a given function), technological life (utility before becoming obsolete in whole or in part), or physical life (utility before physically wearing out), depending upon the facts and circumstances and the particular facilities involved. Therefore, each case must be evaluated individually. In estimating anticipated useful life, the contractor may use the application life if he can clearly demonstrate that the facility has utility only in a given function and the duration of the function can be determined. Technological life may be used by the contractor if he can demonstrate that existing facilities must be replaced because of:

(i) Specific program objectives or contract requirements which cannot be accomplished with the existing facilities;

(ii) Cost reductions which will produce identifiable savings in production or overhead costs;

(iii) Increase in workload volume which cannot be accomplished efficiently by modifying or augmenting existing facilities; or

(iv) Consistent patterns of capacity operation (2½-3 shifts) on existing facilities.

However, technological advances (affecting technological life), per se, will not justify replacement of existing facilities before the end of their physical life if such existing facilities will be able to satisfy future requirements or demands.

(2) In estimating the least cost to the Government for such useful life, the cumulative costs that would be allowed if the contractor owned the property should be compared with cumulative costs that would be allowed under any of the various types of leasing arrangements available. For the purposes of this comparison, the costs of ADPE exclude interest or other unallowable costs pursuant to Subpart 1-15.2; they include, but are not limited to, the costs of operation, maintenance, insurance, depreciation, and rental, and the cost of machine services, as applicable.

(d) The contractor's justification, under paragraph (b) of this § 1-15.205-50, of his leasing decisions shall consist of, but is not limited to, the following supporting data, prepared prior to acquisition:

(1) Analysis of utilization of existing ADPE;

(2) Application of the criteria in paragraph (b) of this § 1-15.205-50;

(3) Specific objectives or requirements, generally in the form of a data system study and data system specification;

(4) Solicitation of proposals from qualified sources based on the data system specification; and

(5) Proposals received in response to the solicitation, and reasons for selection of the equipment chosen and for the decision to lease.

The contractor's annual justification, under paragraph (b) of this §1-15.205-50, of his decision to retain or change his existing ADPE capability and the need to continue leasing that capability, shall consist of, but is not limited to, current data as specified in (1) through (3) of this § 1-15.205-50(d).

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CHAPTER 6 - FUNDING

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1. GRANT AWARDS.

a. Notification to Applicant. Generally, within ninety days after receipt of a completed application (excluding suspension periods for submission of supplemental information), the application will be (1) approved for grant award; (2) deferred due to lack of funding or other specified reason; or (3) disapproved. The applicant shall not be notified of an approval of grant award prior to transmittal of the grant agreement for execution by the applicant. The applicant shall be promptly notified in writing of any deferral or disapproval and a copy of the notice forwarded to AMAG or GAB for inclusion in the official grant file. A deferral or disapproval of an application shall not preclude its reconsideration or a reapplication.

b. Grant Agreement. Upon approval of a grant for award, the grant agreement will be transmitted by certified mail (return receipt requested) to the applicant for execution. The grant agreement must be executed by the applicant and returned to AMAG or GAB within three weeks after receipt, or within any extension of such time that may be granted by the Grant Approving Official. The grant agreement shall set forth the approved project work, approved budget and the approved commencement and completion dates for the project or major phases thereof. In the case of state and local assistance grants, the grant shall become effective and constitute an obligation of Federal funds in the amount and for the purposes stated in the grant agreement, at the time of approval of the project for grant award. In the case of all other EPA grants, the grant shall become effective and constitute an obligation of Federal funds in the amount and for the purposes stated in the grant instrument, only upon execution of the grant agreement by the parties thereto. Except as may be otherwise provided by statute, no costs may be incurred prior to the execution of the grant agreement by the parties thereto.

c. Amount and Term of Grant.

(1) The amount of the award will be based on the estimate of the sum necessary for all or a designated portion of direct project costs for either the project period or for such lesser period as indicated in the agreement, plus an additional amount, if any, for overhead or indirect costs (some of which may be provisional

or subject to adjustment; (see Chapter 5, Costs, Principles for Determining Direct and Indirect Costs.) The final amount of a grant shall be the dollar amount or grant percentage set forth in the grant instrument, whichever is less.

d. Comprehensive Grant. Whenever a project involves a number of different but related problems, activities or disciplines, consideration will be given to making a comprehensive grant with funding support from more than one EPA statutory authority or in conjunction with one or more than one Federal Agency.

e. Continuation Award. Continuation awards may be made for any approved project where the official responsible for project approval finds that the progress made within the current budget period justifies support for an additional specified portion, or the remainder, of the project period.

f. Grant Amendments. Approved project changes which do not substantially alter the objective or scope of a project may give rise to grant amendments to increase or decrease the dollar amount, the term, or other provisions of a grant. A grant amendment shall be effected only by a written amendment to the grant agreement.

g. Effect of Grant Award. Neither the approval of a project nor the award of any grant shall commit or obligate EPA to award any continuation grant or enter into any grant amendment with respect to any approved project or portion thereof.

2. PAYMENTS.

a. Except when prohibited by statute an advance payment system will be used in the case of research, demonstration, training, and State and local assistance (excluding construction grants) projects. (Per OMB Circulars No. A-101 and A-102.) Exceptions with regard to specific projects may be requested of the Grants Administration Division by the grant approving official. Advances shall be limited to the minimum amounts possible. Advances shall be timed to be in accord with the actual cash requirements of the recipient organization.

b. A reimbursement system of payments will be used for construction grants projects. A standardized payment form will be used where reimbursement is required. Installment payments of the Federal grant shall be made upon request of the applicant, shall be based on the cost of the work performed, materials and equipment furnished, and services rendered in connection with an approved project. Normally, payments will be made in four installments as requested by the applicant; however, a greater number of payments will be permitted upon a showing of necessity or as determined by the Agency's Regional Administrator for the region in which the project is located. The final payment will be made only upon completion of the project and after a final inspection by a representative of the Agency.

c. Fellowship payments will be made to the sponsoring institution for payment to the fellow.

d. The appropriate payment system will be delineated in the grant agreement. All payments will be recorded by the grantee in separate fund accounts which identify such grant funds and their disposition. (See Chapter 7, Accounting, Records Retention and Audits.)

e. An amount not to exceed 10 percent of the EPA grant funds may be withheld until all grant conditions and requirements have been met except in those cases involving stop work orders as covered in Chapter 9, paragraph 5.

f. A grant program shall not require physical segregation of cash depositories for Federal grant funds or establish any eligibility requirements for cash depositories, in which Federal grant funds are deposited, except as follows:

(1) A separate bank account may be used when payments under letter of credit are made on a "checks-paid" basis in accordance with agreements entered into by a grantee, the Federal Government, and the banking institutions involved.

(2) Any moneys advanced which are determined to be "public moneys" (owned by the Federal Government) must be deposited in a bank with FDIC insurance coverage and the balances exceeding the FDIC coverage must be collaterally secure, as provided for in 12 U.S.C. 265.

(3) Consistent with the national goal of expanding the opportunities for minority business enterprises, grantees shall be encouraged to use minority banks.

3. GRANT RELATED INCOME.

a. Income derived from a project, including proceeds from the sale or disposition of assets (See Chapter 10, Property Management), during the period of EPA support until final settlement shall be credited to the EPA grant payments in a proportion equal to the ratio of the EPA grant to total project costs. (See Chapter 7, Accounting, Records Retention, and Audits.)

b. Equitable title to interest or dividends earned or paid upon any deposit or investment by the grantee of grant funds shall vest in the United States, except that States shall not be held accountable for interest earned on grant funds, pending their disbursement for program purposes. (Per OMB Circular 102.) Except as otherwise provided in the grant agreement, such interest or dividends and refunds, rebates, and royalties from copyrights and patents shall be credited to the grant payments and fully accounted for by the grantee.

c. State and local governments are not accountable for income earned by a facility in which the Federal financial participation was limited to assistance in developing, constructing, or equipping the facility.

4. UNEXPENDED FUNDS. Unexpended funds at the end of each budget period will be used as partial funding for the next budget period within an approved project period. At the end of a project period or when a project terminates for any cause, any unexpended funds remaining in the grant must be promptly refunded to the Environmental Protection Agency.

5. BUDGET REVISION. Expenditures are expected to follow the cost allocations (i.e., by budget line item or program elements) of the approved budget. However, fund transfers among components (rebudgeting) may be necessary on occasion. The Project Officer must be notified in writing of all major budget revisions as defined in subparagraph a. and b. below. Except as otherwise provided herein, all budget revisions will be made pursuant to the procedures and requirements set forth in Chapter 9, Modification, Suspension and Termination of Grants. Approvals required by the provisions of OMB Circulars No. A-87 and A-21 may be requested by letter. The standard budget forms which are used in the grant application will be used for requesting approval for budget revisions. Rebudgeting notifications, requests, and approvals will be made a part of the official grant file. Project

Officers are expected to maintain a close relationship with each project to assure that changes are appropriate.

a. Grants to State and Local Governments.

(1) Nonconstruction.

(a) Approval by the grant approving official is required for budget revisions which:

1 Result from changes in the scope and objective of the grant-supported project;

2 Cause either the Federal share of the total direct cost budget or the total amount of the Federal grant award to be exceeded;

3 Result in cumulative transfers of amounts among direct cost budget categories in excess of $10,000 or five percent of the total budget, whichever is greater;

4 Pertain to items requiring approval in accordance with the provisions of OMB Circualr No. A-87.

(b) State and local governments receiving noncontinuing grants for other than construction programs shall be required to notify the Project Officer promptly when the total estimated expenditures will be $5,000 or five percent below the Federal grant, whichever is greater. For continuing grants, information on estimated unobligated balances will be presented in the application for new funds.

(2) Construction.

(a) All change orders or modifications which will increase the amounts of Federal funds needed to complete the project require the approval of the grant approving official and the State as appropriate.

(b) Change orders or modifications which decrease the amount of the Federal grant requirement by $5,000 or more than five percent, whichever is greater, shall be reported to the Project Officer.

b. All Other Grantees.

(1) Approval by the grant approving official is required for budget revisions which:

(a) Result from changes in the scope and objective of the grant-supported projects;

(b) Cause either the Federal share of the total direct cost budget or the total amount of the Federal grant award to be exceeded;

(c) Result in cumulative transfers of amounts among direct cost budget categories in excess of $2,500, or five percent of the total budget, whichever is greater; or

(d) Pertain to items requiring approval in accordance with the provisions of OMB Circular No. A-21.

ENVIRONMENTAL PROTECTION AGENCY

PART 1 - GENERAL

CHAPTER 7 - ACCOUNTING, RECORDS RETENTION, AND AUDITS

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PART 1 - GENERAL

CHAPTER 7 - ACCOUNTING, RECORDS RETENTION, AND AUDITS

1. ACCOUNTING PROCEDURES. Accounting for project funds will be in accordance with generally accepted accounting principles and practices, consistently applied. Records must identify adequately the source and application of funds and should include information pertaining to grant awards and authorizations, program income, obligations, and disbursements. Specific requirements for accounting of personnel and equipment include:

a. Personnel. Salaries and wages of employees, regardless of whether treated as direct costs or allocated as indirect costs, will be supported by appropriate time distribution records (per OMB Circulars A-21 and A-87). The method used should produce an equitable distribution of time and effort. Where personnel costs apply to two or more projects, costs to each grant involved will be prorated.

b. Equipment. Upon completion of a research, training, or demonstration grant supported project the grantee will submit to the Project Officer a listing of all equipment with an acquisition cost of $1,000 or more purchased for that project for final disposition. Any movable or fixed equipment or materials on hand on the date of termination or conclusion of EPA grant support (excluding expendable supplies within such limitations as the Project Officer may prescribe) shall be accounted for, or accountability waived, by one or a combination of the following methods:

(1) Waiver of Equipment Accountability. Under research grants where the grantee is an organization within the terms of the Grant Act of September 6, 1958 (42 U.S.C. 1891-93), the obligation to account for the value of any fixed or movable equipment purchased with funds under a research grant may be waived by the grant approving official.

(2) Retention by the Grantee. Upon written approval by the grant approving official prior to the final accounting, materials may be retained, without adjustment of accounts, for use by the grantee in the approved program or project, or in connection with other EPA grants or other Federal grant programs. Materials may be retained by the grantee for use in other operations provided that the grantee compensates the United States for the latter's equity in the property in the final accounting as part of final settlement.

(3) Sale or Other Disposition by Grantee. Upon written approval by the grant approving official prior to final accounting, materials (a) may be sold by the grantee and the net proceeds of sale or fair market value at the time of sale, whichever is greater, shall be paid to the United States in the proportion which EPA assistance bears to the actual allowable project cost, or (b) may be disposed of in any other manner by the grantee upon payment to the United States of such proportion of the fair market value at time of final accounting.

(4) Transfer to the United States. Prior to the final accounting, the grant approving official may require or approve transfer of title to materials to the United States or its designee for such use or disposition as may be authorized by law, except for materials utilized in construction under grants, with equitable settlement for the grantee's matching share.

(5) Other Provisions. When materials purchased with grant funds are used for credit or "trade-in" on the purchase of new materials, the foregoing requirements shall apply to such new materials.

2. FINAL ACCOUNTING. A full accounting will be provided to EPA by the grantee within ninety days of the grant termination date which shall be either the end of the project period or the date of complete termination of grant support, whichever occurs first, or within such additional time as the Project Officer may allow for good cause (e.g., liquidation of obligations). The final accounting shall include accounting for grant award payments; expenditures for equipment, material, or supplies; interest and any other project related income.

3. FINAL SETTLEMENT. At the time EPA grant support for a project terminates or ceases, there shall be payable to the United States as final settlement the total sum of (a) any unexpended grant funds, (b) any amounts payable to the United States for equipment, materials or supplies, (c) other grant related income and (d) an amount equivalent to that portion of project costs which have been disallowed or which are unallowable, in proportion to the EPA share and to the extent grant payments therefor have been made. Checks shall be made payable to the United States Environmental Protection Agency. Such final settlement shall constitute a debt owed by the grantee to the United States and if not paid at the time of final accounting shall

be recovered from the grantee or its successors by setoff or other action as provided by law.

4. RECORDS RETENTION.

a. Financial and technical records, supporting documents, and other records pertinent to a grant program must be kept readily available by the grantee for examination at any time by representatives of EPA and the Comptroller General of the United States.

b. All such records will be retained by the grantee for a period of three years. The retention period starts from the date of submission of the final expenditure report or, for grants which are renewed annually, from the date of the submission of the annual expenditure report. However, if the results of an audit have been accepted by EPA, the records may be disposed of before the end of three years. Exceptions to this requirement are:

(1) If audit findings remain unresolved at the end of three years, the records shall be retained until they have been resolved.

(2) Records for nonexpendable property which was acquired with grant funds and which has a useful expected service life of one year or more will be maintained for three years after its final disposition.

c. Grantees are authorized, if they so desire, to use microfilm to retain copies of original records. Upon request, records determined to possess long-term retention value shall be transferred by the grantee to the custody of the Environmental Protection Agency.

5. AUDITS.

a. Grant records are subject to inspection and audit by representatives of the Environmental Protection Agency and/or the Comptroller General of the United States to:

(1) Verify financial transactions and determine whether funds were used in accordance with applicable laws, regulations, procedures, and grant agreement terms;

(2) Ascertain whether policies, plans, and procedures are being adhered to;

(3) Provide management with objective and systematic appraisals of financial and administrative controls and information as to whether operations are carried out effectively, efficiently, and economically; and

(4) Determine reliability of financial records and reports. The audit activity is not intended to review scientific or technical aspects of the conduct of the project.

b. When an audit is required, upon completion of a project or for clarification, notification will be given by the Project Officer to the following offices for coordination with the EPA Office of Audit:

(1) Research and development, training and demonstration projects; Grants Administration Division.

(2) State and local assistance projects; the appropriate regional Grants Administration Branch.

c. Upon completion of an audit, the Grants Administration Division or the regional office (Grants Administration Branch) will notify the grantee and the Project Officer of the results. When an audit proposes disallowance of certain expenditures, the grantee will be afforded an opportunity to present views and evidence. Such views and evidence will be presented in writing within thirty days of receipt of notification, unless the Grants Administration Division or the regional office (Grants Administration Branch) determines that an oral presentation is desirable. The letter or oral presentation should clearly state the reasons for the appeal to enable EPA to give the appeal full consideration. Failure of a grantee to appeal proposed audit disallowance within thirty days after receipt of written notification will make the EPA action conclusive. If an extension is required, based on a written request from the grantee, an extension of up to an additional thirty calendar days may be approved. After all appropriate action has been taken to resolve the differences, **AMAG or GAB will notify the grantee of the** decision on the appeal.

d. After an audit exception has been concurred in or sustained, the grantee will be responsible for adjusting its records to reflect its proper accountability for Federal grant funds. The grantee may discharge its accountability for the amount of the exception by any of the following methods:

(1) Return from grantee funds the amount of the exception. The check should be made payable to the United States Environmental Protection Agency.

(2) Where appropriate, a grantee may subtract from any outstanding grant payment the amount of the audit exception. This deduction must be made during the fiscal year in which the grantee is notified.

e. Grantees located outside the United States will supply the Environmental Protection Agency with certified true copies of the necessary fiscal documents, including time and effort reports, to support the expenditures charged to the grant.

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1. EXPENDITURE REPORTS.

a. For nonconstruction grant programs, written expenditure reports for each budget period will be submitted by the grantee to AMAG or GAB, as appropriate within ninety days after the end of each budget period within the project period and within ninety days after completion of the project. If a budget period exceeds twelve months, the grant agreement will set forth the submission requirements. A standardized expenditure report will be utilized to fulfill this requirement.

b. A continuation grant will not be awarded unless an estimated expenditure report has been received from the grantee as this information will be used in computing the estimated amount of the continuation award.

c. Expenditures for construction type projects will be reflected on the request for payment forms

2. INVENTION STATEMENTS. When an EPA grant or fellowship calls for or may involve experimental, developmental, or research work, including demonstration projects, the grantee will submit in triplicate to the Project Officer the following invention statements:

a. Immediate reporting of inventions as required in Chapter 1.

b. Interim reports every twelve months (or earlier as set forth in the grant agreement) listing all subject inventions made during the interim reporting period. The initial reporting period shall commence with the date of the grant award. Negative reports are required.

c. A final report listing all inventions made in the course of the work performed under the grant or subagreements thereto. The final report is due within ninety days of the grant termination date.

d. In addition, when a project director or principal investigator changes institution or ceases to direct a project, an invention statement must be submitted within thirty days listing all inventions during his administration of the grant.

3. EQUIPMENT REPORTS.

a. At the termination of a research, training, or demonstration grant supported project, the grantee will submit a listing of all equipment with an acquisition cost of $1,000 or more through the Project Officer to AMAG (See Chapter 7, Accounting, Record Retention and Audits, subparagraph 1b).

b. Grants Administration Division will prepare the annual report to Congress required under the Grant Act of September 6, 1958 (Public Law 85-934) listing those grantee institutions that were permitted to retain equipment acquired with grant funds after completion of the project.

4. OTHER REQUIREMENTS. Additional reporting requirements, including progress and final reports, are set forth in the following parts of this Manual:

a. Part 2, State and Local Assistance Grants;

b. Part 3, Research and Demonstration Grants; and

c. Part 4, Training Grants and Fellowships

CHAPTER 9 - MODIFICATION, SUSPENSION AND TERMINATION OF GRANTS

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GRANTS ADMINISTRATION

PART 1 - GENERAL

CHAPTER 9 - MODIFICATION, SUSPENSION AND TERMINATION OF GRANTS

1. PROJECT CHANGES.

a. Types of Project Changes. The grantee shall promptly notify the Project Officer in writing by certified mail (return receipt requested) of all project changes, including but not limited to:

(1) Budget revision (rebudgeting) (see Chapter 6, Funding).

(2) Changes in the technical plans or specifications for the project.

(3) Acceleration or deceleration in the time for performance of the project, or any major phase thereof.

(4) Changes which may increase or decrease the total cost of a project.

(5) Changed site conditions.

(6) Changes which may affect the approved scope of a project. Approval is required by the grant approving official when there is a change in the approved objective or scope and/or the phenomenon or phenomena under study. The permissible changes by the project director or principal investigator for the approved project are limited to changes in methodology, approach, or other aspects of the project that would expedite achievement of the project's objective.

(7) Changes in personnel identified as key personnel in the grant agreement. Upon withdrawal of project director or principal investigator, the grantee may request that the grant be continued or terminated. If the grantee requests that the project be continued under the direction of another project director or principal investigator, biographical data, including bibliography for the proposed investigator, should accompany the request. Approval by the grant approving official is required.

(8) Absence of personnel identified as key personnel in the grant agreement from the project at critical project points or for periods of time longer than three months. The notification must include plans for the conduct of the project during such absence and

the name and qualifications of the person's replacement. Approval by the grant approving official is required.

(9) Substantial reduction of effort on the project by personnel identified as key personnel in the grant agreement. If the approving official determines that the reduction of effort would be so substantial as to impair the successful prosecution of the project, he may require designation of a suitable replacement, termination of the project, or other appropriate modification of the grant agreement.

(10) Changes or amendments to non-Federal enabling legislation, regulations, standards, ordinances, or enforcement procedures which may affect the project.

b. Disapproval of Project Changes. The Project Officer or Grant Approving Official as appropriate may disapprove project changes in writing by certified mail (return receipt requested) not later than three weeks after receipt of notice. Failure on the part of the grantee to give notice or disapproval by the Project Officer of the proposed change shall result in disallowance of costs incurred which are attributable to the change or in termination of the grant. Any action taken pursuant to this section shall not commit or obligate the United States to any increase in the amount of a grant or payments thereunder; but shall not preclude consideration of a request for a grant amendment.

2. CONTRACTING OR TRANSFER.

a. A grant may be administratively approved and awarded to a new grantee (1) on behalf of the same Project Manager (i.e., research grants) or (2) as a result of changes due to restructuring at the State and/or local level of government provided that (a) the original grantee relinquishes support of the project, (b) the new grantee has adequate resources to carry on the project, (c) the new grantee submits an application for support of the project and (d) the Project Manager plans no significant changes in project objectives and level of expenditures from those described in the project previously approved.

b. Since the Government's decision to support a proposed research oriented project is based in part upon its evaluation of the capabilities of the principal investigator, as well as the support available to the project from his institution, such as facilities and administrative assistance, none of the project effort may be contracted or transferred to another organization without the specific prior approval of the grant approving official. Any transferee or subcontractor will be subject to the conditions of the grant. This would not preclude the purchase of supplies, materials, equipment, or general support services. None of the foregoing shall be construed to authorize transfer of a contract, or any interest therein, where prohibited by law.

c. Training grants may not be transferred from one institution to another except in case of subparagraph 2a(2).

3. SUBAGREEMENTS. All subagreements in excess of 2,500 not provided for in the approved budget require the prior approval of the Project Officer.

4. GRANT AMENDMENTS.

a. Approved project changes which do not substantially alter the objective or scope of a project may give rise to grant amendments to increase or decrease the dollar amount, the term, or other provisions of a grant. No grant amendment may be made unless the Project Officer has received timely notification of the proposed project change and the proposed change has been approved. If the grant approving official decides that the circumstances justify such action, he may receive and act upon any request for grant amendment submitted prior to final payment under the grant.

b. If additional funds to conduct the project are required during the budget period in excess of those awarded and such funds are not available from the grantee, a request for grant amendment may be submitted by the grantee to the Project Officer for processing.

c. A grant amendment shall be effected only by a written amendment to the grant agreement executed by GAD or GAB on behalf of the Government and by the Project Manager on behalf of the Grantee and entered into after the effective date of the grant.

d. Failure to agree upon the amount of a grant amendment shall constitute a dispute under the "Disputes" article of the grant agreement.

5. SUSPENSION OF GRANTS. Work on a project or on a portion or phase of a project for which a grant has been awarded may be ordered

stopped pursuant to Article 4 of the Grant Conditions.

a. Use of Stopwork Orders. Work stoppage may be required for good cause including default by the grantee, failure to comply with the terms and conditions of the grant, realignment of programs, lack of adequate funding, or advancements in the state of the art. Inasmuch as stopwork orders may result in increased costs to the Government by reason of standby costs, such orders will be issued only with prior approval of the grant approving official. Generally, use of a stopwork order will be limited to those situations where it is advisable to suspend work on the project or a portion or phase of the project for important program or agency considerations and a supplemental agreement providing for such suspension is not feasible. Although a stopwork order may be used pending a decision to terminate by mutual agreement or for other cause, it will not be used in lieu of the issuance of a termination notice after a decision to terminate has been made.

b. Contents of Orders. Prior to issuance, stopwork orders should be discussed with the grantee and should be appropriately modified, in the light of such discussions. Stopwork orders should include (1) a clear description of the work to be suspended, (2) instructions as to the issuance of further orders by the grantee for materials or services, (3) guidance as to action to be taken on subagreements, and (4) other suggestions to the grantee for minimizing costs.

c. Subsequent Action. As soon as feasible after a stopwork order is issued, (1) the grant will be terminated, or (2) the stopwork order will either be canceled or, if necessary and if the grantee agrees, be extended beyond the period specified in the order. In any event, this must be done before the specified stopwork period expires. When an extension of the stopwork order is necessary, it shall be evidenced by a written grant amendment. Any cancellation or bilateral extension of a stopwork order shall be subject to the same approvals as were required for the issuance of the order.

d. Disputes Provision. Failure to agree upon the amount of an equitable adjustment due under a stopwork order shall constitute a dispute under the "Disputes" article of the grant agreement.

6. TERMINATION OF GRANTS. A grant may be terminated in whole or in

part pursuant to Article 5 of the Grant Conditions. A termination will not be effected without prior approval of the appropriate Assistant or Regional Administrator or his designee.

a. Termination Agreement. The parties may enter into an agreement to terminate the grant at any time pursuant to terms which are consistent with the EPA Grant Regulations.

b. Project Termination by Grantee. A grantee may not terminate a project for which a grant has been awarded except for good cause.

(1) If the grantee has terminated the project work without good cause, then the appropriate Assistant or Regional Administrator shall annul the grant, and all EPA grant funds previously paid to the grantee shall be returned to the United States as final settlement.

(2) If there is good cause for the termination of project work, the appropriate Assistant or Regional Administrator shall:

(a) enter into a termination agreement, or

(b) unilaterally terminate the grant pursuant to paragraph c. below, effective with the date of termination of the project by the grantee.

c. Termination by EPA. The appropriate Assistant or Regional Administrator, by written notice and after affording the grantee an opportunity to present views and evidence, may terminate a grant, in whole or in part, pursuant to Article 5 of the grant agreement, for cause including default by the grantee, failure to comply with the terms and conditions of the grant, realignment of programs or change in program requirements or priorities, lack of adequate funding, or advancements in the state of the art. Upon such termination, the grantee shall refund to the United States any unexpended grant funds, except such portion thereof as may be required by the grantee to meet commitments which became firm prior to the effective date of termination and are otherwise allowable.

d. Termination Costs. If a grant is terminated, the Government shall be liable only for payment in accordance with the termination provisions of the grant.

e. Disputes Provision. Failure to agree upon the amount of termination costs or upon a good cause determination shall constitute a dispute under the "Disputes" article of the grant agreement.

f. Accounting. Upon any termination, the grantee will render an accounting and final project report as provided in Chapter 7, Accounting, Record Retention and Audits and Chapter 8, Reports. To the extent the termination is due to no fault of the grantee in the judgment of the Assistant or Regional Administrator for the respective program, credit may be allowed for the amount required to settle at minimum costs any noncancellable obligations properly incurred by the grantee prior to receipt of the notice of termination. Settlement of costs upon termination will be made, as nearly as practicable, in accordance with the provisions of Part 1-15 of the Federal Procurement Regulations.

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PART 1 - GENERAL

CHAPTER 10 - PROPERTY MANAGEMENT

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PART 1 - GENERAL

CHAPTER 10 - PROPERTY MANAGEMENT

1. DEFINITIONS. Property means ownership, possession, holding, or any interest in Government assets, and is identified by the categories set forth below:

a. Donated Surplus Personal Property. Any Federal surplus property donated to grantees under the Federal Property and Administrative Services Act of 1949, as amended.

b. Excess Property. Any property under the control of any agency which is not required for its needs and the discharge of its responsibilities, as determined by the head thereof, or his authorized representative.

c. Expendable. Property which when issued for use or consumption is considered a proper charge to operating expense.

d. Tangible Property. Includes, but is not limited to such classes of property as patents, patent rights, processes, techniques, inventions, copyrights, negotiable instruments, money orders, bonds, shares of stock, and similar evidence of value except as, in a given case or class of cases, may be excluded by the Administrator of General Services Administration.

e. Nonexpendable Personal Property. Tangible personal property having an acquisition cost of $100 or more per unit and a useful life of more than one year.

f. Personal Property. Tangible property of any kind except real property.

g. Real Property. Land, land improvement, structures, and appurtenances thereof. See FPMR 101-47.103-12.

h. Surplus Property. Any excess property not required for the needs and the discharge of the responsibilities of any Federal agency, as determined by the Administrator of General Services Administration.

2. REAL PROPERTY. In the absence of statutory requirements to the contrary, title to real property acquired with grant funds shall be vested in the grantee and shall not be diverted to other uses without the approval of EPA for a period of ten years after acquisition. If

diverted for use during the ten year period to further the objectives of other Federal programs, no reimbursement to EPA will be necessary. If used for other grantee operations, EPA shall be compensated for its equity in the property based on the fair market value at the time of diversion.

3. NONEXPENDABLE PERSONAL PROPERTY ACQUIRED WITH GRANT FUNDS. Expenditures of grant funds for movable or fixed equipment or materials may be allowed as direct costs only to the extent such property is required for the conduct of the approved project during the period for which EPA grant support is provided.

a. Title Vesting.

(1) Title to equipment purchases or fabricated with grant funds when an individual or profit making organization is the grantee will be vested in the Government.

(2) Title to equipment purchased or fabricated with grant funds will be vested in all other grantees, to the extent permitted by statute, upon acquisition of the equipment or as soon as feasible thereafter without further obligation to the Government subject to the conditions cited below:

(a) The grantee shall assure that the interest of the United States in the materials is adequately reflected and protected in compliance with all recordation or registration requirements of the Uniform Commercial Code or other applicable local laws.

(b) EPA reserves the right to have the title to certain specific property with an acquisition cost of $1,000 or more and financed in whole or in part with Federal funds transferred to EPA or any other designee. The reservation of title will be made only in special situations such as when the property is one of a kind and is difficult or extremely costly to replace. If known, such property should be identified in the grant agreement. Upon completion or termination of a perticular project, EPA must take custody of such property within 12 months after receipt of a final expenditure from the grantee.

4. FEDERAL EXCESS NONEXPENDABLE PERSONAL PROPERTY.

a. Acquisition.

(1) The use of Federal excess personal property by grantees will be limited generally to the following situations:

(a) Excess items which are approved as part of the grant proposal; or

(b) When it has been determined that the use of excess items will result in substantial savings to EPA; or

(c) The use of excess items will avoid a delay in the initiation of project work.

(2) Excess property is requested by the grantee by submission of a Standard Form 122, Transfer Order - Excess Personal Property, to the Project Officer. Upon approval by the grant approving official, the form is forwarded to the EPA property accountable officer, who, in turn, will forward the request to the appropriate GSA Regional Office. The property accountable officer will request a verification as to receipt of the property by the grantee. A copy of the SF 122 must be retained in the official grant file.

b. Title Vesting. Unless specific exceptions are made by statutes, title to Federal excess property is vested in the U.S. Government.

c. Use and Disposition. Federal excess personal property shall be held by the grantee until transfer, donation, or disposal instructions are received. If the grantee is requested to ship the property to another destination, he will be reimbursed for any costs involved in the shipment.

(1) The property accountable officer upon authorization will prepare necessary documentation to transfer property from one Grant to another within EPA.

(2) If no reassignment is made, the property accountable officer will report the excess property through appropriate channels for further Government utilization.

5. FEDERAL SURPLUS NONEXPENDABLE PERSONAL PROPERTY.

a. Federal Surplus Personal Property Purchased by Grantee. Grantees may acquire surplus personal property either through competitive bidding or by a negotiated sale with the General Services Administration. Such property is treated as any other property purchased by the grantee.

b. Donated Federal Surplus Nonexpendable Personal Property. Title to Federal surplus nonexpendable personal property donated by the Federal Government is vested in the grantee for use in the program for which its use was intended. Education health, and civil defense activities, if eligible, may acquire from GSA surplus property through the State Surplus Property Agencies.

6. PROPERTY DONATED TO GRANTEE BY THIRD PARTY. Property donated to grantee by third parties is treated as any other property owned by the grantee.

7. ADMINISTRATIVE REQUIREMENTS FOR NONEXPENDABLE PERSONAL PROPERTY. The requirements of this section apply to nonexpandable personal proproperty acquired with grant funds and Federal Excess personal property.

a. Property Records. The Government will maintain the official records of Government-owned property and for property acquired with Grant funds having an acquisition cost of $1,000.00 or more, and for which the Government reserves the right to retain title. The Grantee shall establish accounting control over all other property financed wholly or partially with Federal funds. Grantee records shall contain as a minimum the source, description, acquisition date and cost, including percentage of Federal equity (See Chapter 7, Accounting Record Retention and Audits).

b. Physical Inventory. For Government-owned property, physical inventories shall be taken annually. Other property inventories shall be taken at least biennially.

c. Matching/Financing. Any property originally acquired for a Federal grant project shall not be considered for matching-financing purposes on other grant projects unless expressly provided for by statute.

d. Maintenance and Safeguarding. Grantee is expected to maintain property in operating condition and establish safeguards to protect property from loss, damage, or theft in accordance with grantee's own procedures.

e. Lost, Stolen, Damaged, or Destroyed Property. Where any loss, theft, damage, or destruction of property occurs, grantee shall investigate and document the full circumstances surrounding such loss where the property exceeds $1,000 in aggregate acquisition costs, except that in the case of Government-owned property, all nonexpendable property shall be documented and reported to the property accountable officer, regardless of cost. The grantee will be responsible for replacing or repairing equipment for which it is accountable that is lost, damaged, or destroyed due to grantee negligence.

f. Trade-in. Property acquired by use of grant funds that has lost its usefulness may be traded in on replacement items considered necessary during the life of the grant project. Government excess property will not be traded-in by the grantee without authorization from the Government.

g. Depreciation and Use Charges. Depreciation and use charges will be made in accordance with OMB Circulars No. A-21 and A-87.

h. Sales Policy. Every effort will be made to use the property for grant programs and other grantee activities. Property will be sold as a last resort. Sales will be made in a prudent manner calculated to produce the highest possible return. Government furnished excess property will not be sold without authorization from the Government.

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ENVIRONMENTAL
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GRANTS ADMINISTRATION MANUAL

1. PURPOSE. Part 1 of the Grants Administration Manual contains policies and procedures which apply to all grants made by the Environmental Protection Agency and is designed to achieve maximum uniformity throughout the various grant programs of the Agency.

2. BACKGROUND. This Manual has two major sections, General and Functional. The "General" section states policies and procedures which apply to all EPA grants except those made pursuant to the Special Activities Overseas Program. The "Functional" section is divided into three parts corresponding to the major functional divisions of the grant program. The following parts, which will be distributed separately at a later date, will state policies and procedures unique to each individual area:

a. Part 2 - State and Local Assistance

b. Part 3 - Research and Demonstration

c. Part 4 - Training Grants and Fellowships

3. IMPLEMENTATION DATE. Part 1 of the Grants Administration Manual is effective January 1, 1972.

4. SUPERSESSION. All existing instructions and procedures previously issued by EPA components relating to items covered herein are hereby superseded.

Thomas E. Carroll

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DISTRIBUTION: Directives Distribution